

2001

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

*A Component Unit of
the State of California
June 30, 2001*

CALIFORNIA STATE TEACHERS'
Retirement System

interconnection



*California State Teachers'
Retirement System
Comprehensive Annual
Financial Report
For the fiscal year
ended June 30, 2001
A component unit of the
State of California*

*Prepared by the staff of the
California State Teachers'
Retirement System*

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The way a team plays as a whole determines its success. You may have the greatest bunch of individual stars in the world, but if they don’t play together, the club won’t be worth a dime.

Babe Ruth

AWARD CFOA CERTIFICATE

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

California State Teachers'
Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinsey
President

Jeffrey L. Esall
Executive Director

BIENNIAL PPCC CERTIFICATE



**Public Pension Coordinating Council
Public Pension Principles
2000 Achievement Award**

Presented to

California State Teachers' Retirement System

In recognition of instituting professional standards for public employee retirement systems as established by the Public Pension Principles.

Presented by the Public Pension Coordinating Council, a confederation of
Government Finance Officers Association (GFOA)
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, appearing to read 'Michael L. Mory', is written in a cursive style.

Michael L. Mory
Chairman

CEO LETTER OF TRANSMITTAL

December 20, 2001



California State Teachers' Retirement System
Post Office Box 15275
Sacramento, CA 95851-0275

I am pleased to present the Comprehensive Annual Financial Report of the California State Teachers' Retirement System for the fiscal year ended June 30, 2001. The report is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions and determining responsible stewardship of the State Teachers' Retirement Plan and the CalSTRS Voluntary Investment Program. Please note the Teachers' Retirement Plan consists of the Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs.

I believe this report will be helpful to the California Legislature, CalSTRS members and other interested parties in understanding the California State Teachers' Retirement System, established by law in 1913 to provide retirement benefits to California's public school educators. Responsibility for both the accuracy and completeness of the financial data and the fairness of the presentation rests with me and the management of CalSTRS.

CalSTRS members, as of June 30, 2001, included employees of approximately 1,200 school districts, community college districts, county offices of education and regional occupational programs (listed starting on page 86).

The 2001 CAFR consists of five sections:

The **introductory section** contains this letter of transmittal, the administrative organization and a review of CalSTRS achievements and activities.

The **financial section** includes the report of the independent auditor, the system's financial statements and supplemental information for the Teachers' Retirement Plan and CalSTRS Voluntary Investment Program.

The **investment section** contains a consultant's report summarizing investment activity, an explanation of investment policy, portfolio performance information and various investment schedules for the State Teachers' Retirement Plan. Investment of the Cash Balance Benefit Program contributions is also discussed. Investment information is not included for the CalSTRS Voluntary Investment Program since all investments are member-directed into mutual funds.

The **actuarial section** includes the actuary's certification letters and summaries for both the CalSTRS Defined Benefit and Cash Balance Benefit programs, in addition to the results of the latest actuarial valuations.

The **statistical section** includes information on the CalSTRS Defined Benefit Program, Cash Balance Benefit Program and CalSTRS Voluntary Investment Program.

Accounting and Reporting

CalSTRS accounting records are maintained on the accrual basis of accounting. All contributions (member, employer and state) are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the CalSTRS retirement programs.

Revenues

Total revenues from Teachers' Retirement Fund contributions and investments for the fiscal year ended June 30, 2001 (excluding the Voluntary Investment Program) resulted in a net total of -\$5.559 billion as indicated below.

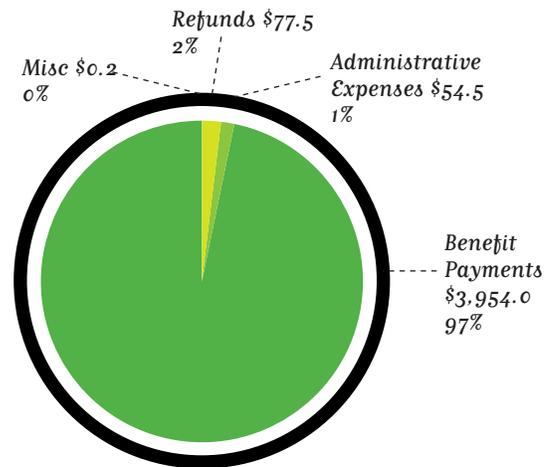
Teachers' Retirement Fund Revenue by Type (in billions)

FISCAL YEAR	2000/2001	1999/2000	1998/1999
Member/Participant	\$ 1.843	\$ 1.532	\$ 1.424
Employer	\$ 1.884	\$ 1.590	\$ 1.476
State	\$.946	\$.939	\$.350
Investment/Other	\$ (10.232)	\$ 12.690	\$ 11.798
Total	\$ (5.559)	\$ 16.751	\$ 15.048

Expenses

The State Teachers' Retirement Plan expenses for the year totaled \$4.086 billion. Benefit payments were the largest expense to the system at 97 percent, with refunds of contributions to members/participants at 2 percent and the administrative cost comprised 1 percent of total expenses.

Teachers' Retirement Fund Expenses by Type (in millions)



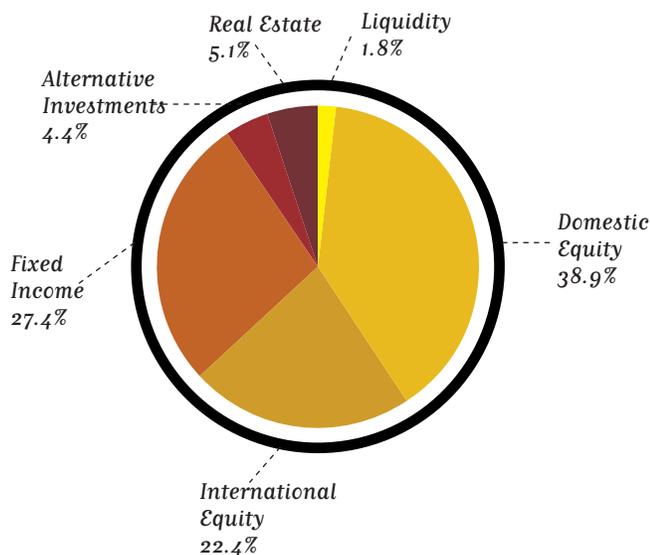
Investments

In the past fiscal year, the fund witnessed the first global decline in stock prices in nearly two decades. The balanced asset allocation mix of the CalSTRS portfolio helped buffer the decline in values. As of June 30, 2001, each of the asset classes was near its respective long-term target and each was within the policy range. During the early part of the year the investment staff, under direct authority of the Investment Committee, liquidated some U.S. equity assets to fund purchases in alternative investments and real estate. Toward the end of the year, the investment staff shifted assets from fixed income and cash to Non-U.S. equity to help keep each asset class within the preset range of movement.

The broadly diversified portfolio declined by 9.1 percent during a year when U.S. stocks declined 14.4 percent and Non-U.S. stocks declined 24.2 percent. Diversification into U.S. bonds and real estate, which each generated a double-digit positive return, added to the overall portfolio. Over longer periods, such as five years and ten years ended June 30, 2001, the CalSTRS investment portfolio has generated returns of 9.8 percent and 10.6 percent, respectively, both of which far exceed the actuarial assumption of 8.0 percent.

Asset Allocation (6/30/01)

Total investment portfolio of \$102.8 billion



A key development during the year was the smooth transition of the new Chief Investment Officer. Additionally, there was a transition of several members of the Teachers' Retirement Board and Investment Committee during the period. The adoption of long-term business plans for each major investment program aided in the continuity of the overall investment policy. One of the more significant decisions made by the CalSTRS Investment Committee was the Benchmark Modification Policy that led to the exclusion of the tobacco industry from all investment benchmarks.

At the conclusion of the fiscal year the Investment Committee, staff and investment consultant were in the process of a comprehensive asset allocation review. It is expected that this study will conclude by the end of the calendar year with the potential adoption of new asset allocation targets and ranges.

Fund Financial Statements

For accounting purposes, a fund is a self-balancing group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CalSTRS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. Of the three fund categories: governmental, proprietary and fiduciary, CalSTRS has only fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as pension fund members.

CalSTRS has three funds:

1. Teachers' Replacement Benefit Program Fund
2. Teachers' Health Benefit Fund
3. Teachers' Retirement Fund

The Teachers' Replacement Benefit Program Fund and the Teachers' Health Benefit Fund were established as a result of recent legislation. These are programs with minor activity in the current fiscal year; therefore, the primary focus for the purpose of this discussion and analysis will be on the Teachers' Retirement Fund.

The Teachers' Retirement Fund is comprised of one plan that contains three programs: Defined Benefit Program, Defined Benefit Supplement Program and the Cash Balance Benefit Program.

CalSTRS also has a Voluntary Investment Plan, or VIP, formerly referred to as the 403(b) Plan.

Funding

The most recent actuarial valuation, for the fiscal year ended June 30, 2000, shows the Defined Benefit Program is fully funded, having 110 percent of the funds needed to pay the cost of the benefit plan in effect on June 30, 2000. Under state law, the Defined Benefit Program receives state General Fund contributions set at a percentage of the prior calendar year's member payroll (see page x).

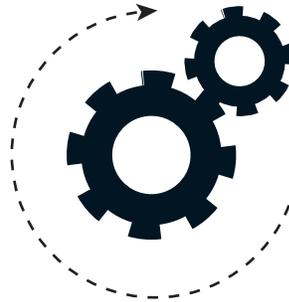
Initiatives

CalSTRS is finalizing its strategic plan with an increased emphasis on meeting the changing needs of California's educators. Components of the plan will include ongoing assessments of customer needs, provision of consistent information through a variety of communication delivery methods and continuing efforts for a stable, strong investment portfolio.

Awards

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the California State Teachers' Retirement System for its comprehensive annual financial report for the year ended June 30, 2000. This was the fourth consecutive year that CalSTRS has achieved this prestigious award.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



CalSTRS also was awarded the Public Pension Coordinating Council's Public Pension Principles Achievement Award in 2000. This two-year award is for achievement of high professional standards for public employee retirement systems. The award is based on compliance with principles that support retirement system achievements in the areas of benefits, actuarial valuations, financial reporting, investments and disclosures to members.

Acknowledgments

The compilation of this comprehensive annual financial report reflects the combined effort of CalSTRS staff under the leadership of the Teachers' Retirement Board. I commend their efforts on creating another outstanding report. In addition, I take this opportunity to express my gratitude to the staff, advisors and the many other people and organizations who have worked so diligently to assure the successful operation of the California State Teachers' Retirement System.

Respectfully submitted,

James D. Mosman
CHIEF EXECUTIVE OFFICER



The world basically and fundamentally is constituted on the basis of harmony. Everything works in cooperation with something else.

Preston Bradley

TEACHERS' RETIREMENT BOARD

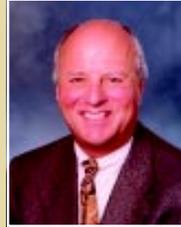
Gary Lynes
Chairperson
(K-12 Classroom Teacher)
Hillsborough

Term:
December 1994 to
December 30, 1998*



George W. Fenimore
Vice Chairperson
(Public Representative)
Los Angeles

Term:
December 24, 1992 to
August 14, 2002



Paul C. Krasnow
(Insurance Representative)

Term:
February 22, 2001 to
February 22, 2005

Phil Angelides
State Treasurer
Ex-Officio Member



Marty Mathiesen
(System Retiree)
Los Altos

Term:
June 4, 1996 to
February 22, 2005

Kathleen Connell
State Controller
Ex-Officio Member



Karen A. Russell
(K-12 Classroom Teacher)

Term:
February 22, 2001 to
February 22, 2005

Delaine Eastin
Superintendent of
Public Instruction
Ex-Officio Member



Jay Schenier
(School Board Representative)

Term:
February 22, 2001 to
February 22, 2005

B. Timothy Cage
Director, Department
of Finance
Ex-Officio Member



Carolyn A. Widener
(Community College Instructor)

Term:
February 22, 2001 to
February 22, 2005

Vacant: Banking Official

* Member continues to serve at Governor's discretion.

EXECUTIVE STAFF AS OF JUNE 30, 2001

James D. Mosman
Chief Executive Officer



Christopher J. Ailman
Chief Investment Officer



Laurence P. Martin
*Deputy Chief
Executive Officer
Information and
Financial Systems*



Kenneth L. Costa
*Director
START Project*



Michael J. Carter
*Deputy Chief
Executive Officer
Client Benefits and Services*



Ed Derman
*Deputy Chief Executive Officer
External Affairs and Program Development*



Peggy A. Plett
*Deputy Chief Executive Officer
Administration*



Christopher Waddell
Chief Counsel



Elleen Okada
*Director of Investment Administration
and External Relations*



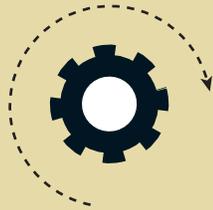
PROFESSIONAL SERVICES



Individual commitment to a group effort—that is what makes a team work, a company work, a society work, a civilization work.

Vince Lombardi

services



CalSTRS contracts for the services of various independent consultants essential to the effective and professional operation of the system. Milliman USA provides actuarial services and the independent auditor is PricewaterhouseCoopers, LLP. Lists of investment professionals for investment services and other consultants are provided on schedules four and five in the financial section of the report. A partial list of independent consultants is shown below.

- PricewaterhouseCoopers, LLP
- Milliman USA
- Hogan and Hartson
- Towers, Perrin & Forster

YEAR IN REVIEW

MEMBERSHIP

Membership in the CalSTRS Defined Benefit Program includes California public school employees, kindergarten through community college, who teach, are involved in the selection and preparation of instructional materials, or are supervising persons engaged in those activities.

Membership is in effect as long as the contributions remain on deposit with the program.

Members are employed in approximately 1,200 public school districts, community college districts, county offices of education and state reporting entities in California. The CalSTRS Defined Benefit Program includes service retirement, benefits for survivors and disability benefits.

A beneficiary of a retired member who has elected a joint and survivor option receives a continuing lifetime allowance upon the retired member's death.

As of June 30, 2001, there were a total of 515,887 active and inactive members and 170,972 retired members, disability and survivor benefit recipients. The combined total of members and benefit recipients equals 686,859, an increase of 25,467 more than the previous fiscal year.

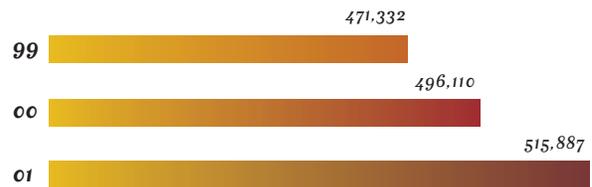
(The audit report of the independent auditors, presented in the financial section, contains Defined Benefit Program membership data as of June 30, 2000, due to the timing of that report.)

BENEFITS TO MEMBERS AND BENEFIT RECIPIENTS

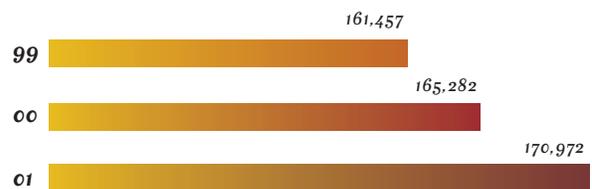
Service Retirement

CalSTRS desires the retirement process to be positive, rewarding and comfortable for the members. CalSTRS believes fast, accurate and efficient benefit payments are fundamental to achieving this goal.

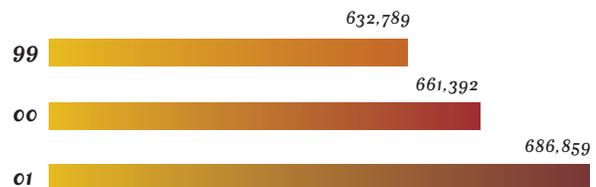
Of the 8,815 members who retired in 2000–01 fiscal year, 99 percent received his or her first benefit payment within the CalSTRS-established goal of issuing payment within 30 days following the person's retirement date (or after receipt of the completed application). CalSTRS' 30-day goal exceeds the 45-day standard mandated by law.



Active and Inactive Members



Benefit Recipients



Total Members and Benefit Recipients

Survivor Benefits

CalSTRS received 5,685 survivor benefits applications. Of the applications received, 97 percent were processed within the 45-day legislative standard and 90 percent were processed within 30 days.

Disability

The Disability Services Division received 600 disability applications during 2000–01.

With a commitment to member service, the Initial Review Team processed more than 99 percent of all applications within six months from the date of receipt.

The work of the Continuing Qualifications and Vocational Rehabilitation programs resulted in an annual savings of more than \$1.2 million to CalSTRS.

SERVICES TO MEMBERS AND BENEFICIARIES

Public Service

Public Service staff answered 166,462 calls and the CalSTRS automated attendant telephone system received 44,471. The automated interactive telephone system, Teletalk, received 68,913 calls. CalSTRS is proud of the fact that 97.55 percent of the telephone calls handled by staff were answered in the initial call, thus avoiding the need to call back the member. According to a comparative study of telephone service, this performance level rates as a “best in class” practice.

Seventy percent of all calls were answered within 3 minutes or less.

In addition, the Public Service Office received 15,491 pieces of correspondence.

Member Communication

CalSTRS communicates with members and beneficiaries through the *Bulletin* and the *Retired Educator*. The *Bulletin* is mailed twice a year to active and inactive members. It contains information from CalSTRS Chief Executive Officer and the Teachers’ Retirement Board. Also presented are legislative summaries and discussions of educator issues.

The *Retired Educator* is mailed twice a year to retired members and benefit recipients. It contains issues and information of special interest to them.

A detailed program book and single-topic brochures are mailed upon request, given to members during personal interviews and are available to employers and employees by mail or telephone request. CalSTRS mails the *New Member Guide* to newly hired educators.

CalSTRS Internet Web Site

The CalSTRS Web Site is intended to provide information for members, employers and CalSTRS’ business partners. The CalSTRS Web Site includes many useful features, such as the Retirement Benefit Calculator, which allow members to estimate their retirement benefit; an online feedback form; and the Employer Page to provide county and school district personnel with pertinent information. A variety of other features, ranging from the monthly Teachers’ Retirement Board agenda to various CalSTRS publications are updated throughout the year.

Financial Education Program

Thirty-five Financial Education Program workshops were presented around the state under this program. Information regarding CalSTRS benefits, financial planning and applicable Social Security provisions were presented to more than 1,196 members and their guests.

Retirement Planning Workshops

Personal retirement benefit interviews were provided to 31,934 members. In addition, 624 workshops covering retirement, disability and survivor benefits were presented to 20,107 members. These interviews and workshops allow members a chance to have direct contact with staff who answer their questions.

SERVICES TO EMPLOYERS, MEMBER AND CLIENT ORGANIZATIONS

The Employer Advisory Committee is composed of county and district employer representatives and CalSTRS staff. The Client Advisory Committee includes CalSTRS staff and members of various organizations representing CalSTRS members and benefit recipients.

These committees meet regularly to provide a forum for active participation in the formation of CalSTRS policies and procedures in areas of information dissemination, benefit plan administration and service to members and beneficiaries.

Reaching consensus with the two committees on legislative proposals, as well as policy issues, is important to the Teachers' Retirement Board. Therefore, CalSTRS employees have also scheduled special meetings and have worked closely with both committees on plan design and other crucial member and employer issues.

Annually, CalSTRS staff members conduct an Employer Institute, with one session presented in southern California and another in northern California. CalSTRS processes, laws and policies are discussed with employer staff, giving an opportunity for CalSTRS and employers to exchange information.

CalSTRS staff members also conduct field visits to individual counties and school districts. The purpose of the visit is to provide specific information to the employer regarding CalSTRS' data reporting process. In addition to the reporting procedures, they discuss the use of the Remote Employer Access Program. This program allows the employer direct access to the CalSTRS database for verification and review of the member's service and contribution records, thereby improving the accuracy and timeliness of the reporting process.



Coming together is a beginning, staying together is progress and working together is success.

Henry Ford

**REPORT ON AUDITS OF COMBINED FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION**

AS OF JUNE 30, 2001, AND FOR THE YEAR THEN ENDED



Report of Independent Accountants

PricewaterhouseCoopers LLP
Suite 1200
555 Capitol Mall
Sacramento CA 95814-4602
Telephone (916) 930 8100
Facsimile (916) 930 8450

To the Teachers' Retirement Board
California State Teachers' Retirement System

In our opinion, based upon our audit and the report of other auditors, the accompanying combined statements of plan net assets and the related combined statements of changes in plan net assets present fairly, in all material respects, the plan net assets of the California State Teachers' Retirement System (System), a component unit of the State of California, as of June 30, 2001, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the System's management; our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the System's Voluntary Investment Program (formerly, the 403(b) Program). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on those financial statements is based solely on the report of the other auditors. We previously audited and reported on the financial statements of the System for the year ended June 30, 2000, the reporting entity totals of which are included for comparative purposes only. We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information included in Schedules I and II is required under GASB Statement No. 25, *Financial Reporting For Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The supplemental information included in Schedules III through VII is presented for purposes of additional analysis and is not a required part of the financial statements. Such information as of and for the years ended June 30, 2001, 2000, 1999, 1998, 1997 and 1996, has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion and based on the report of other auditors, is fairly stated, in all material respects, in relation to the financial statements taken as a whole from which it has been derived.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

September 21, 2001

**California State Teachers' Retirement System
 Combined Statements of Plan Net Assets
 As of June 30, 2001
 With reporting entity totals as of June 30, 2001 and 2000
 (Dollars in Thousands)**

	State Teachers' Retirement Plan	Voluntary Investment Program	Teachers' Health Benefits Fund	Teachers' Replacement Benefits Program Fund	Reporting Entity Totals	
					2001	2000
Assets						
Investments, at fair value:						
Short-term	\$ 2,344,115	\$ 21,427	\$ 4,454	\$ -	\$ 2,369,996	\$ 1,576,738
Debt securities:						
Domestic	28,888,678	1,150	-	-	28,889,828	27,236,691
International	-	42	-	-	42	58
Equities:						
Domestic	39,847,682	31,995	-	-	39,879,677	46,721,140
International	21,584,079	2,043	-	-	21,586,122	26,958,262
Alternative	4,489,768	-	-	-	4,489,768	5,105,654
Real estate	5,273,359	-	-	-	5,273,359	3,771,458
Securities lending collateral	17,727,789	-	-	-	17,727,789	16,107,099
Total investments	<u>120,155,470</u>	<u>56,657</u>	<u>4,454</u>	<u>-</u>	<u>120,216,581</u>	<u>127,477,100</u>
Cash	4,558	-	-	2	4,560	3,234
Receivables:						
Investments sold	1,030,317	91	-	-	1,030,408	1,942,014
Foreign currency exchange contracts	1,728,543	-	-	-	1,728,543	1,991,213
Interest and dividends	492,296	165	-	-	492,461	483,918
Member/employer and other	598,187	316	280	-	598,783	399,063
Total receivables	<u>3,849,343</u>	<u>572</u>	<u>280</u>	<u>-</u>	<u>3,850,195</u>	<u>4,816,208</u>
Other assets	343	-	1,571	-	1,914	338
Total assets	<u>\$ 124,009,714</u>	<u>\$ 57,229</u>	<u>\$ 6,305</u>	<u>\$ 2</u>	<u>\$ 124,073,250</u>	<u>\$ 132,296,880</u>
Liabilities						
Payable for investments purchased	\$ 1,175,125	\$ 26	\$ -	\$ -	\$ 1,175,151	\$ 1,116,018
Payable for foreign currency exchange contracts	1,684,084	-	-	-	1,684,084	1,976,317
Benefits in process of payment	82,146	-	1,921	-	84,067	69,959
Other liabilities	202,940	71	11	-	203,022	195,418
Securities lending collateral	17,727,789	-	-	-	17,727,789	16,107,099
Total liabilities	<u>20,872,084</u>	<u>97</u>	<u>1,932</u>	<u>-</u>	<u>20,874,113</u>	<u>19,464,811</u>
Net assets held in trust for pension benefits (a schedule of funding progress is presented in Schedule I)						
	<u>\$ 103,137,630</u>	<u>\$ 57,132</u>	<u>\$ 4,373</u>	<u>\$ 2</u>	<u>\$ 103,199,137</u>	<u>\$ 112,832,069</u>

The accompanying notes are an integral part of these financial statements.

California State Teachers' Retirement System
Combined Statements of Changes in Plan Net Assets
For the year ended June 30, 2001
With reporting entity totals for the years ended June 30, 2001 and 2000
(Dollars in Thousands)

	State Teachers' Retirement Plan	Voluntary Investment Program	Teachers' Health Benefits Fund	Teachers' Replacement Benefits Program Fund	Reporting Entity Totals	
					2001	2000
Additions						
Contributions:						
Members	\$ 1,843,457	\$ 14,732	\$ -	\$ -	\$ 1,858,189	\$ 1,546,172
Employers	1,883,915	-	4,800	15	1,888,730	1,590,891
State of California	946,194	-	-	-	946,194	939,232
Total contributions	<u>4,673,566</u>	<u>14,732</u>	<u>4,800</u>	<u>15</u>	<u>4,693,113</u>	<u>4,076,295</u>
Investment (loss) income:						
Net (depreciation) appreciation in fair value of investments	(13,460,750)	(6,891)	-	-	(13,467,641)	9,836,556
Interest, dividends and other investment income	3,244,266	1,792	26	-	3,246,084	2,863,191
Securities lending income	1,037,286	-	-	-	1,037,286	956,356
Less investment expenses:						
Cost of lending securities	(967,581)	-	-	-	(967,581)	(901,151)
Other	(85,226)	-	-	-	(85,226)	(61,252)
Net investment (loss) income	<u>(10,232,005)</u>	<u>(5,099)</u>	<u>26</u>	<u>-</u>	<u>(10,237,078)</u>	<u>12,693,700</u>
Other income	<u>414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414</u>	<u>166</u>
Total additions	<u>(5,558,025)</u>	<u>9,633</u>	<u>4,826</u>	<u>15</u>	<u>(5,543,551)</u>	<u>16,770,161</u>
Deductions						
Retirement, death and survivor benefits	3,764,632	250	-	12	3,764,894	3,435,518
Refunds of member contributions	77,477	2,288	-	-	79,765	82,247
Purchasing power benefits	189,388	-	-	-	189,388	190,478
Administrative expenses	54,536	344	453	1	55,334	50,775
Total deductions	<u>4,086,033</u>	<u>2,882</u>	<u>453</u>	<u>13</u>	<u>4,089,381</u>	<u>3,759,018</u>
Net (decrease) increase	<u>(9,644,058)</u>	<u>6,751</u>	<u>4,373</u>	<u>2</u>	<u>(9,632,932)</u>	<u>13,011,143</u>
Net assets held in trust for pension benefits:						
Beginning of year	<u>112,781,688</u>	<u>50,381</u>	<u>-</u>	<u>-</u>	<u>112,832,069</u>	<u>99,820,926</u>
End of year	<u>\$ 103,137,630</u>	<u>\$ 57,132</u>	<u>\$ 4,373</u>	<u>\$ 2</u>	<u>\$ 103,199,137</u>	<u>\$ 112,832,069</u>

The accompanying notes are an integral part of these financial statements.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

1. Description of the System and Contribution Information

The California State Teachers' Retirement System (System) is the administrator of cost-sharing multiple-employer pension plans, a tax-deferred supplemental program, a post-employment healthcare benefits program and a replacement benefits program as described below, established and administered by those sections of the State Education Code known as the Teachers' Retirement Law (Section 22000 et. seq.), as amended and enacted by the State of California (State) Legislature. The System is a component unit of the State of California. These financial statements include only the accounts of the System. The System's financial statements are included as a trust fund in the financial statements of the State of California. The System provides pension benefits to California full-time and part-time public school teachers from preschool through grade fourteen and certain other employees of the public school system.

State Teachers' Retirement Plan (STRP)

Effective January 1, 1999, Chapter 1048, Statutes of 1998 (Senate Bill (SB) 2085) authorized the merger of the System's Cash Balance Plan (CB Plan) and the Defined Benefit Plan (DB Plan) to establish the State Teachers' Retirement Plan (STRP). Chapter 1048 provides, among other things, that both the Defined Benefit Program and the Cash Balance Benefit Program shall be administered under the Teachers' Retirement Law and be known and cited as the STRP. The Defined Benefit Supplement Program was established by Chapter 74, Statutes of 2000 (AB 1509), effective January 1, 2001, and is included in the STRP.

Defined Benefit Program (DB Program)

The DB Program is a defined benefit pension plan which operates under the Internal Revenue Code (IRC). At June 30, 2001, there were approximately 1,200 contributing employers (school districts, community college districts, county offices of education and regional occupational programs). The State is a non-employer contributor to the STRP. Membership is mandatory for all employees meeting certain statutory requirements, and optional for all other employees performing creditable service. At June 30, 2000, membership consisted of:

Active members:	
Vested	240,092
Nonvested	180,438
Inactive members	75,580
Retirees and benefit recipients	165,282
Total members, retirees and beneficiaries	<u>661,392</u>

Information as of June 30, 2001, will not be available prior to December 2001.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

The DB Program provides defined retirement benefits based on members' final compensation, age, and years of credited service. In addition, the retirement program provides benefits to members upon disability, and to survivors upon the death of eligible members. Benefit provisions include:

- After five years of credited service, members become 100% vested in retirement benefits earned to date. Members are eligible for normal retirement at age 60. The normal retirement benefit is equal to 2% of final compensation for each year of credited service. Retirements after age 60 are subject to a factor which increases with each quarter year of age to 2.4% at age 63 or older. Members who have 30 years or more of credited service shall receive an additional 0.2% of final compensation. In no event shall the total benefit factor exceed 2.4%.

Final compensation is defined as the highest average annual compensation during any period of twelve consecutive months for members who retire on or after January 1, 2001 with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elects to pay the additional benefit cost. For all other members, final compensation is defined as the highest average annual compensation earned during any three consecutive years of credited service. Early retirement options are available at age 55 or as early as age 50 with 30 years of credited service.

Members with 30 or more years of credited service who retire on or after January 1, 2001, receive a longevity bonus based on the number of years of credited service exceeding 30 years, if at least 30 years of service is credited prior to January 1, 2011.

- After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50% of final compensation plus 10% of final compensation for each eligible child, up to a maximum addition of 40%. The member must have a disability that will exceed a period of twelve or more months to qualify for a benefit.
- A family benefit is available if an active member died and had at least one year of credited service.
- Members' accumulated contributions are refundable with interest upon separation from the System. The 2000-2001 fiscal year rate of interest credited to members' accounts is 5.75%.

Purchasing power protection is provided to those benefit recipients whose purchasing power has been reduced below certain levels. The purchasing power protection is funded by a combination of School Lands Revenue and State General Fund (General Fund) contributions to the Supplemental Benefit Maintenance Account (SBMA). School Lands Revenue is appropriated pursuant to Public Resources Code Section 6217.5 from the use of school lands. The Cecil Green/William Campbell/Dave Elder Act of 1989 (Education Code Section 22954) established the SBMA to provide annual distributions (in quarterly payments) to retired and disabled members, and beneficiaries in order to restore purchasing power to a minimum of 68.2% of the initial monthly allowance. The Mrs. Ruth Q. dePrida Pension Protection Act, Chapter 939, Statutes of 1997 (SB 1026) increased the minimum purchasing power to 75%, effective January 1, 1998. The State's contributions for the year ended June 30, 2001, were sufficient to meet the purchasing power obligations.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

Required Contributions

Required member and employer contribution rates are set by the Teachers' Retirement Law. Required contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method. The System also uses the level percentage of payroll method to calculate the amortization of any unfunded liability.

A summary of statutory contribution rates and other sources of contributions to the DB Program is as follows:

- Members - 8% of applicable member earnings through December 31, 2000. Beginning January 1, 2001 through December 31, 2010, 6% of applicable member earnings.
- Employers - 8.25% of applicable member earnings.
- State of California - The enactment of Chapter 460, Statutes of 1990 (SB 1370), known as the "Elder Full Funding Act," provides for eventual full funding for the System. The provisions of the bill, which became effective July 1, 1990, replaced the prior State contribution with a new funding mechanism beginning July 1, 1991. The State's annual contribution to the System was 4.3% of the previous calendar year's member payroll. Subsequent to achieving a fully funded System, the State will contribute only the amount necessary to help fund the normal cost of the then current benefit program unless a subsequent unfunded obligation occurs.

The enactment of Chapter 967, Statutes of 1998 (Assembly Bill (AB) 2804) provided for funding from the General Fund to maintain the fully funded status of benefits in place as of July 1, 1990, and provided funding for benefit enhancements enacted effective January 1, 1999. The provisions of Chapter 967 amended the State's contribution requirements under the Elder Full Funding Act.

Beginning July 1, 1999, under Education Code Section 22955, the General Fund transferred annually to the DB Program an amount equal to 3.102% of total creditable earnings of the immediately preceding calendar year to fund certain benefit enhancements effective January 1, 1999. The enactment of Chapter 1021, Statutes of 2000 (AB 2700) provided for a reduction in such funding from the General Fund to a factor of 2.5385% and 1.9750% in fiscal years 2001 and 2002, respectively.

Beginning October 1, 1998, a statutory contribution rate of 0.524%, adjustable annually in 0.25% increments up to a maximum of 1.505%, of the creditable earnings of the immediately preceding calendar year was established under Education Code Section 22955. This contribution is reduced to zero if there is no unfunded obligation or normal cost deficit. As of the June 30, 2000, actuarial valuation, there was no unfunded obligation or normal cost deficit for benefits in place as of July 1, 1990.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

In their most recent actuarial valuation as of June 30, 2000, the System's independent actuaries determined that, at June 30, 2000, the actuarial value of the DB Program's assets exceeded the program's actuarial accrued liability by \$9.1 billion. Based on this valuation, the current statutory contributions are equivalent to 19.260% of covered payroll and the normal cost is 16.001% of covered payroll. Certain risks related to the global financial markets may affect the fair value of the System's investment portfolio. The System's management is continually evaluating the impact of market fluctuations on the assets of the DB Program.

Defined Benefit Supplement Program (DBS Program)

The DBS Program, established pursuant to Chapter 74, Statutes of 2000 (AB 1509), is a defined benefit pension program that operates within the STRP. All persons who were active members of the DB Program on or after January 1, 2000 are also members of the DBS Program.

Beginning January 1, 2001 and through January 1, 2011, two percent of applicable member earnings are credited to the members' nominal DBS Program accounts. Interest is credited to the nominal DBS Program accounts at the minimum guaranteed annual rate established by the Board prior to each plan year, which was 6.25% for the year ended June 30, 2001. The Board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the expected rate of return.

An actuarial valuation of the DBS Program's assets and liabilities will be performed in connection with the System's 2001 DB Program and CB Benefit Program actuarial valuations. Management estimates that the benefit costs associated with the DBS Program will approximate \$2.9 billion, through the ten year life of the DBS Program.

Cash Balance Benefit Program (CB Benefit Program)

The CB Benefit Program, established under Chapter 592, Statutes of 1995 and subsequently amended by Chapter 608, Statutes of 1996 (AB 2673), is a separate defined benefit pension program. The CB Benefit Program operates under the IRC within the STRP and is designed for employees of California's public schools who are hired to perform creditable service for less than 50% of the full-time equivalent for the position.

Participation in the CB Benefit Program is optional to school districts, community college districts, county offices of education and regional occupational programs. If a school district, community college district, county office of education, or regional occupational program elects to offer the CB Benefit Program, each eligible employee will automatically be covered by the program, unless the employee elects to participate in the DB Program or an alternative plan provided by the employer within 60 days of hire or the election period determined by the employer.

A summary of statutory contribution rates for the CB Benefit Program is as follows:

Members	-	4% of applicable member earnings
Employers	-	4% of applicable member earnings

Employers may enter into a collective bargaining agreement to pay different rates if certain minimum conditions are met. At June 30, 2001, there were 24 contributing school districts and approximately 12,000 contributing members.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

At June 30, 2000, the actuarial value of the CB Benefit Program's assets exceeded the program's actuarial accrued liability by approximately \$517,000.

Voluntary Investment Program (VI Program)

The VI Program (formerly STRS 403(b) Program) was established pursuant to Chapter 291, Statutes of 1994. Under the requirements of IRC Section 403(b), the VI Program is a defined contribution plan and is open to any employee who is eligible to participate. Contributions to the program are voluntary and are not subject to a minimum limitation, however, the IRC establishes a maximum amount that can be contributed annually. At June 30, 2001, there were 2,655 plan members and 378 participating employers (school districts).

An agreement was entered into between the System and State Street Bank and Trust Company (SSB) on January 1, 1995, to appoint SSB as third-party administrator, record keeper and master custodian for the VI Program assets. The appointment will expire on June 30, 2002. The investments are comprised of money market, S&P 500, international index, self-managed and participant notes funds.

Teachers' Health Benefits Fund (THBF)

The THBF was established pursuant to Chapter 1032, Statutes of 2000 (SB 1435) to provide postemployment health benefits to retired members of the DB Program. Beginning July 1, 2001, funds from the THBF will be used to pay Medicare Part A premiums for DB Program members who are retired or will retire prior to January 1, 2006, and who meet certain other eligibility criteria.

The THBF is funded as needed, from that portion of the monthly DB Program statutory employer contribution that exceeds the DB Program annual required contribution. Management believes that the current source of THBF funding will be adequate to provide for the statutory THBF benefits.

Teachers' Replacement Benefits Program Fund (TRBPF)

IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan. The TRBPF was established pursuant to Chapter 465, Statutes of 1999 (AB 819) and initially funded during the year ended June 30, 2001, to provide benefits to the members of the System whose defined benefit retirement benefit exceeds IRC limits.

The TRBPF is funded on a "pay-as-you-go" basis. Monthly employer contributions are received by the TRBPF and paid to members in amounts "equivalent to" the benefits not paid as a result of IRC Section 415(b), subject to withholding for any applicable income or employment taxes. At June 30, 2001, there were two retirees participating in the TRBPF.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accounting records of the System are maintained on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer and State contributions are recognized when due and the employer or State has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the System's retirement programs.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

Use of Estimates in the Preparation of Financial Statements

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and when applicable, disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investments

The majority of the securities held in the investment portfolio at June 30, 2001, are in the custody of or controlled by SSB, the System's master custodian. State statutes and Board policies allow investments consisting of government, corporate and international bonds, domestic and international equities, mutual funds, limited partnership holdings, real estate, mortgages and other investments.

All investments are reported at fair value. The fair values of investments are generally based on published market prices and quotations from major investment firms. In the case of debt securities acquired through private placements, fair value is computed by management based on market yields and average maturity dates of comparable quoted securities. Mortgages are valued based on future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Real estate equity investment fair values are based on either recent estimates provided by the System's contract real estate advisors or independent appraisers. Short-term investments are reported at cost or amortized cost, which approximates fair value. Alternative investments represent interests in private equity partnerships in which the System enters under a limited partnership agreement. For alternative investments and other investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments.

The System presents, in the combined statements of changes in plan net assets, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments. Purchases and sales of debt securities, equity securities and short-term investments are recorded on the trade date. Real estate equity transactions are recorded on the settlement date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

There are certain market risks, credit risks, foreign currency exchange risks and event risks which may subject the System to economic changes occurring in certain industries, sectors or geographies.

Foreign Currency Exchange Contracts

The STRP enters into forward foreign currency exchange contracts for hedging purposes to minimize the short-term impact of foreign currency fluctuations on the asset positions of foreign investments. These foreign currency exchange contracts are reported at fair value based on published market prices and quotations from major investment firms. The STRP could be exposed to risk if the counter-parties to the contracts are unable to meet the terms of their contracts. The STRP seeks to minimize risk from counter-parties by establishing minimum credit quality standards and maximum credit limits.

Administrative Expenses

The VI Program reimburses the STRP for administrative services provided on its behalf. The THBF reimburses the STRP for certain facilities operation expenses provided on its behalf.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

Income Taxes

The STRP is organized as a tax-exempt retirement plan under the IRC. The VI Program is organized as a tax-deferred supplemental program under the IRC. The System's management believes that it has operated within the constraints imposed by federal tax law. The THBF is organized as a tax-exempt postemployment health benefits plan under the IRC. The TRBPF is tax-exempt under the provisions of the IRC.

Investment Expenses

Expenses directly associated with investment management have been included as other investment expenses. Indirect expenses have not been allocated.

Securities Lending Transactions

The System reports securities lent, the cash collateral held as assets and the related liabilities resulting from securities lending transactions on the combined statements of plan net assets. The System also reports the costs of lending securities as investment expenses on the combined statements of changes in plan net assets.

Reclassification of Prior Year Amounts

Certain amounts in the prior year reporting entity totals have been reclassified to conform with the current year presentation.

New Accounting Pronouncements

In June 2000, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. GASB 34 provides a financial reporting model for governmental entities that addresses four basic reporting elements: management's discussion and analysis, government-wide and fund financial statements, notes to the financial statements and required supplementary information. The System is currently evaluating the impact of GASB 34 on its financial statements and is required to implement the pronouncement for the year ending June 30, 2002. The System does not believe that the implementation of GASB 34 will have a material impact on its net assets or changes in net assets.

3. Investments

The System's investments are categorized below to give an indication of the category risk level assumed by the System at June 30, 2001, as defined by GASB Statement No. 3. Category 1, the lowest risk, includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party or by its trust department or agent but not in the System's name. Investment pools managed by other governments, mutual funds, investments held by broker-dealers under securities loans, alternative investments and real estate equity investments are not categorized.

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

The following table presents investments held by the STRP, by type, at June 30, 2001 (in thousands):

Investment Type	Category 1	Category 2	Category 3	Category Rating Not Required	Fair Value
Categorized:					
Short-term investments	\$ 316,568	\$ -	\$ -	\$ 2,027,547	\$ 2,344,115
Debt securities	19,081,890	-	-	-	19,081,890
Equity securities	53,457,957	-	-	-	53,457,957
Securities lending collateral	17,727,789	-	-	-	17,727,789
Not categorized:					
Alternative investments	-	-	-	4,489,768	4,489,768
Real estate equity investments	-	-	-	5,273,359	5,273,359
Investments held by broker-dealers under securities loans:					
Debt securities	-	-	-	9,806,788	9,806,788
Equity securities	-	-	-	7,973,804	7,973,804
Total investments	<u>\$90,584,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$29,571,266</u>	<u>\$120,155,470</u>

Short-term investments of the STRP as of June 30, 2001, are comprised of the following (in thousands):

Surplus Money Investment Fund	\$ 252,958
Commercial paper	76,995
Short-term agencies	24,867
Repurchase agreements	7,628
Short-term Investment Fund	1,774,589
Certificates of deposit	147,000
Treasury bills	7,079
Foreign currency	52,999
	<u>\$2,344,115</u>

The STRP's investment in the Surplus Money Investment Fund (SMIF), administered by the State, represents various investments with average days to maturity of approximately 180 days, and is reported at amortized cost which approximates market value.

The STRP's investment in the Short-term Investment Fund, administered by State Street Bank, represents various investments with average days to maturity of approximately 72 days, and is reported at amortized cost which approximates market value.

The STRP's repurchase agreement transactions at June 30, 2001, have underlying collateral with market values of approximately 100% of the amount of the

California State Teachers' Retirement System

Notes to General Purpose Financial Statements

Foreign currency is comprised of international investment proceeds and income to be repatriated into U.S. dollars and funds available to purchase international securities. Foreign currency is not held as a form of investment. Foreign currency is held temporarily in foreign interest-bearing accounts until it is able to be repatriated or expended.

State statutes and Teachers' Retirement Board policies permit the STRP to lend its securities to broker-dealers and other entities for which collateral is received with a simultaneous agreement to return the collateral for the same securities in the future. STRP has contracted with third party securities lending agents to lend domestic and international equity and debt securities. All securities loans can be terminated on demand by either STRP or the borrower. Collateral in the form of cash or other securities is required for 102% and 105% of the fair value of domestic and international securities, respectively, loaned. As of June 30, 2001, the System has no credit risk exposure to borrowers because the amounts the STRP owes the borrowers exceed the amounts the borrowers owe the STRP. Cash collateral is invested in short-term investments, which at year-end have a weighted-average maturity of less than 90 days, and the assets held as collateral are presented in the above table of investments held. STRP is not permitted to pledge or sell collateral securities received unless the borrower defaults. The contracts with the security lending agents require them to indemnify STRP if the borrowers fail to return the securities (or if the collateral is not sufficient to replace the securities lent) or if the borrower fails to pay STRP for income distributions by the securities' issuers while the securities are on loan.

VI Program

Investments held by the VI Program are in mutual funds and are not required to be categorized by risk levels under GASB Statement No. 3.

Teachers' Health Benefits Fund

Investments held by the THBF are in the SMIF and are not categorized under GASB Statement No. 3.

4. Contingencies

The STRP is involved in litigation relating to various matters. In the opinion of management, after consultation with legal counsel, the outcome of these litigations is not expected to have a material adverse effect on the STRP's financial position.

5. Commitments

In connection with the purchase of various partnership interests under its alternative investment portfolio, the STRP has remaining funding commitments of approximately \$4.9 billion at June 30, 2001.

The STRP has entered into agreements to guarantee payment of principal and interest on certain debt securities in the event that the primary obligator defaults. The STRP is paid a fee over the term of such agreements, and in the event of default, the STRP could draw on a standby letter-of-credit for repayment. At June 30, 2001, the STRP had commitments of approximately \$1.2 billion expiring through September 2007. Fee income earned by the STRP was approximately \$2.8 million for the year ended June 30, 2001.

Supplemental Information

**California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Funding Progress
June 30, 2001**

Schedule I

Actuarial Valuation Date as of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Defined Benefit Program ⁽³⁾ (dollars in millions):						
2001	(1)	(1)	(1)	(1)	(1)	(1)
2000	\$ 102,225	\$93,124	\$(9,101)	110 %	\$18,224	(50)%
1999	90,001	86,349	(3,652)	104 %	17,185	(21)%
1998	77,290	74,234	(3,056)	104 %	15,741	(19)%
1997	67,980	69,852	1,872	97 %	14,521	13 %
1996	(2)	(2)	(2)	(2)	(2)	(2)

Cash Balance Benefit Program ⁽³⁾ (dollars in thousands):

2001	(1)	(1)	(1)	(1)	(1)	(1)
2000	\$ 10,868	\$10,351	\$ (517)	105 %	\$70,605	(1)%
1999	5,224	5,001	(223)	104 %	50,426	0 %
1998	790	1,728	938	46 %	18,838	5 %
1997	(393)	164	557	(240)%	4,504	12 %

- (1) The 2001 actuarial reports will be available during the year ended June 30, 2002.
- (2) Prior to June 30, 1998, no actuarial reports were prepared in even numbered years. No estimation using actuarial methodology was made in years between valuations.
- (3) Effective January 1, 1999, the Defined Benefit Plan (DB Plan) and the Cash Balance Plan (CB Plan) merged to establish the State Teachers' Retirement Plan which includes the Defined Benefit Program (DB Program) and the Cash Balance Benefit Program (CB Benefit Program). All actuarial data prior to year ended June 30, 1999, relates to the DB Plan and CB Plan.

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Contributions from Employers and Other Contributing Entities
For the Year Ended June 30, 2001 **Schedule II**

The information presented in Supplemental Schedules I and II was determined as part of the actuarial valuations at June 30, 2000.

Year Ended June 30	Annual Required Contribution (a)	Contributed By Employers⁽¹⁾ (b)	Contributed By the State⁽²⁾ (c)	Total Contributed (b + c)	Percentage Contributed (b + c)/a
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Defined Benefit Program⁽³⁾ (dollars in millions):

2001	\$ 2,035	\$ 1,880	\$ 455	\$ 2,335	115%
2000	1,150	1,584	519	2,103	183%
1999	1,473	1,492	209	1,701	115%
1998	1,911	1,419	587	2,006	105%
1997	1,835	1,299	555	1,854	101%
1996	1,726	1,196	530	1,726	100%

Cash Balance Benefit Program⁽³⁾ (dollars in thousands):

2001	\$ 3,036	\$ 3,036	\$ -	\$ 3,036	100%
2000	2,365	2,365	-	2,365	100%
1999	1,561	1,561	-	1,561	100%
1998	772	772	-	772	100%
1997	74	74	-	74	100%

(1) For DB Program years ended June 30, 1998 and earlier, amounts include employer contributions under Education Code Sections 22950 to 22953. For the years ended June 30, 1999 and thereafter, amounts include employer contributions under Education Code Sections 22950 and 22951. For the year ended June 30, 2000, amount includes employer contributions under Education Code Sections 22135, 22714 (less amounts deposited in the SBMA) and 22718.

(2) For DB Program, includes state contributions under Education Code Section 22955.

(3) Effective January 1, 1999, the DB Plan and the CB Plan merged to establish the STRP which includes the DB Program and the CB Benefit Program. All actuarial data prior to year ended June 30, 1999, relates to the DB Plan and CB Plan.

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Contributions from Employers and Other Contributing Entities
For the Year Ended June 30, 2001 **Schedule II (Continued)**

Additional information as of the June 30, 2000 actuarial valuation is as follows:

	DB Program	CB Benefit Program
Actuarial Cost Method	Entry age normal	Traditional Unit Credit
Amortization Method	Level percent of payroll	Not applicable
Amortization Period	Open	Not applicable
Remaining Amortization Period	Zero	Not applicable
Asset Valuation Method	Expected value with 33% adjustment to market value	Fair market value of net assets
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	4.25%	4.25%
Consumer price inflation	3.50%	3.50%
Post-retirement benefit increases	2.00% simple	Not applicable

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Administrative Expenses
For the Year Ended June 30, 2001
(Dollars in Thousands)

Schedule III

Personnel services:

Salaries and wages	\$ 23,273
Staff benefits	4,109
Accrued vacations	(3)
Total personnel services	<u>27,379</u>

Operating expenses and equipment:

General expense	227
Depreciation expense	88
Printing	802
Communications	561
Postage	636
Insurance	10
Travel	220
Training	202
Facilities operations	2,777
Consultants and professional services	4,730
Consolidated data center:	
Consultants and professional services	7,820
Data processing:	
Consultant and professional services	7,273
Software and other	209
Central administrative services	1,872
Equipment	42
Other	1
Total operating expenses and equipment	<u>27,470</u>
Total current year expenses that are budgeted	54,849

Past prior year expenses, net

(313)

Total \$ 54,536

Fund sources:

SBMA/administration expense	\$ 59
Reimbursements	426
Revenue	10
Refunds to reverted appropriation	765
Budget Act, Chapter 282, Statutes 1997	244
Reappropriated Chapter 282, by Chapter 324/98	(1,076)
Budget Act, Chapter 324, Statutes 1998	600
Reappropriated Chapter 324, by Chapter 50/99	1,000
Budget Act, Chapter 50, Statutes 1999	51,441
Legislation, Chapter 740, Statutes 1999	481
Legislation, Chapter 632, Statutes 1999	586

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Investment Expenses from Continuous Appropriation
For the Year Ended June 30, 2001
(Dollars in Thousands)

Schedule IV

External equity managers:

Domestic:

Ariel Capital Management	\$ 1,427
Barclays Global Investors	2,029
Brison Partners	1,529
Brown Capital Management Inc.	1,035
Chicago Equity Partners	1,436
Delaware Investment Advisors	554
Delphi Management, Inc.	897
Denver Investment Advisor Inc.	1,259
DSI International Management	275
First Quadrant	510
Mellon Capital Management	507
NCM Capital Management Group Inc.	1,800
Putnam Investments	4,037
Sasco Capital, Inc	2,834
State Street Bank Global Advisors	2,158
TCW Asset Management	5,018
Total domestic	<u>27,305</u>

International:

Bank of Ireland	2,583
Barclays Global Investors	1,428
Battery March	888
Blackrock International Ltd.	1,222
Brinson Partners	1,557
Capital Guardian Trust	5,441
Delaware International Trust	1,410
Fidelity Management Trust Co.	1,657
Fiduciary Trust International	1,908
Goldman Sachs	1,239
Lazard Freres Asset Management	2,684
Marvin & Palmer Associates Inc.	2,753
Morgan Stanley	1,635
Newport Pacific Management	1,071
Nicholas Applegate	2,238
Oechsle International Advisors	2,656
Schroder Capital Management Investment, Ltd.	1,817
Scudder Kemper	2,334
State Street Global Advisors	1,338
Total international	<u>37,859</u>
Total external equity managers	<u>65,164</u>

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Investment Expenses from Continuous Appropriation
For the Year Ended June 30, 2001
(Dollars in Thousands)

Schedule IV (Continued)

Real estate managers/advisors:	
CB Richard Ellis	5,108
Clarion Partners	963
Heitman Capital MGMT LLC	988
Lend Lease Real Estate Inv	3,673
Lowe Enterprises	493
MIG Realty Advisors, Inc.	593
SSR Realty Advisors	1,323
Sentinel Realty Advisors	67
Thomas Properties	293
Total real estate managers/advisors	<u>13,501</u>
Advisors and consultants:	
Callan Associates	4
Houlihan Loke Howard & Zukin	196
KPMG LLP	259
The McMahan Group	59
Pathway Capital Management, LLC	1,255
Pendleton James Assoc.	99
Pension Consulting Alliance	480
Total advisors and consultants	<u>2,352</u>
Attorneys, master custodian and insurers:	
Cox, Castle & Nicholson	20
Groom Law Group	54
Robert Driver Ins Brokerage	217
State Street Bank & Trust Co.	3,517
Total attorneys, master custodian and insurers	<u>3,808</u>
Other Expenses:	
CSUS Foundation	12
Miscellaneous	146
State Controller's Office	22
State Personnel Board	1
Travel	220
Total other expenses	<u>401</u>

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Consultant and Professional Services Expenses
For the Year Ended June 30, 2001
(Dollars in Thousands)

Schedule V

Individual or Firm	Commission/ Fee	Nature of Service
Consulting and professional services:		
Alameda County Office of Education	\$ 78	Regional Counseling Services
Annette Knous Wimmer	125	Consulting Services
Azusa Pacific University	13	Medical Reimbursement
California State University Foundation	15	Consulting Services
Campbell Union High School District	111	Regional Counseling Services
Contra Costa County Office of Education	78	Regional Counseling Services
Cooperative Personnel Services	20	Consulting Services
Department of Justice	212	General Services Legal Fees
Department of Personnel Administration	13	Legal Services
Fresno County Office of Education	62	Regional Counseling Services
Goldfarb & Associates	27	Vocational Assessments and Reports
Hogan & Hartson	208	Advocate and Legal Representation
Kathleen M. Ogburn	12	Vocational Assessments and Reports
Kern County Office of Education	75	Regional Counseling Services
Law Office of Carroll & Scully	31	Legal Services
Liebman & Associates	35	Vocational Assessments and Reports
Lindle Hatton	35	Consulting Services
Los Angeles County Office of Education	480	Regional Counseling Services
Los Angeles County Supt. Of Schools	150	Regional Counseling Services
Maria Caseillas	24	Vocational Assessments and Reports
Merced County Office of Education	19	Regional Counseling Services
Milliman and Robertson	328	Actuarial Services
MSLA, A Medical Corporation	28	Vocational Assessments and Reports
Office of Administrative Hearings	20	Legal Services
Orange County Office of Education	154	Regional Counseling Services
PricewaterhouseCoopers LLP	73	Audit and Consulting Services
Ralph St. Pierre	44	Consulting Services
San Bernardino County Office of Education	252	Regional Counseling Services
San Diego County Office of Education	311	Regional Counseling Services
San Francisco County Office of Education	31	Regional Counseling Services
San Joaquin County Office of Education	59	Regional Counseling Services
San Juan Unified School District	130	Regional Counseling Services
San Mateo-Foster School District	71	Regional Counseling Services
Santa Barbara County Office of Education	56	Regional Counseling Services
Santa Cruz County Office of Education	75	Regional Counseling Services
Shasta County Office of Education	110	Regional Counseling Services
Solano County Office of Education	30	Regional Counseling Services
Sonoma County Office of Education	64	Regional Counseling Services
Stanislaus County Office of Education	30	Regional Counseling Services
State Controller's Office	750	Various Financial Services
Superior Rehabilitation Services	22	Vocational Assessments and Reports
Towers, Perrin & Forster	13	Consulting Services
Travel/Tuition	44	Medical Reimbursement
Tulare County Office of Education	35	Regional Counseling Services
Ventura County Office of Education	43	Regional Counseling Services
Visual Communications	24	Consulting Services

California State Teachers' Retirement System
State Teachers' Retirement Plan
Schedule of Consultant and Professional Services Expenses
For the Year Ended June 30, 2001
(Dollars in Thousands)

Schedule V (Continued)

Individual or Firm	Commission/ Fee	Nature of Service
Data Processing:		
Advanced Business Integrators	15	Data Processing
California Systems Consultants	52	Data Processing
Dapru, Incorporated	80	Data Processing
Doculabs	18	Data Processing
Eclipse Solutions	90	Data Processing
Information Technology	215	Data Processing
Nanran	959	Data Processing
NEC Business Network	47	Data Processing
Net Incomm Incorporated	609	Data Processing
New Boston Technical Services	75	Data Processing
Novell	23	Data Processing
Paladin Enterprise, Incorporated	32	Data Processing
Pilot Computer Systems	180	Data Processing
Saga Software	317	Data Processing
Science Applications	55	Data Processing
Software AG of N.A., Incorporated	57	Data Processing
Synergy Consulting	415	Data Processing
Visionary Integration	1,434	Data Processing
Western Blue Corporation	85	Data Processing
Worldgroup	2,504	Data Processing
Other	11	Various Services Under \$10
	<u>7,273</u>	
Consolidated Data Center:		
Stephen P. Teale Data Center	7,800	Data Processing
California Health & Human Services	20	Data Processing
	<u>7,820</u>	
Total consultant and professional services expenses	\$ 10,823	

California State Teachers' Retirement System
Voluntary Investment Program
Schedule of Administrative Expenses
For the Year Ended June 30, 2001
(Dollars in Thousands)

Schedule VI

State Street Bank administrative fees	\$	322
State Teachers' Retirement Plan sponsor fee		<u>22</u>
Total	\$	<u>344</u>

**California State Teachers' Retirement System
 Teachers' Health Benefits Fund
 Schedule of Administrative Expenses
 For the Year Ended June 30, 2001
 (Dollars in Thousands)**

Schedule VII

Personnel services:

Salaries and wages	\$ 45
Staff benefits	9
Accrued vacations	6
Total personnel services	<u>60</u>

Operating expenses and equipment:

General expense	145
Printing	12
Postage	29
Facilities operations	35
Data processing:	
Consultant and professional services	163
Software and other	1
Equipment	8
Other	
Total operating expenses and equipment	<u>393</u>
Total current year expenses that are budgeted	<u>\$ 453</u>

Fund sources:

Legislation, Chapter 1032, Statutes of 2000	<u>\$ 453</u>
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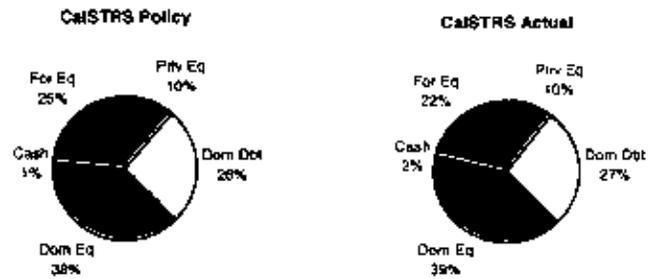
INVESTMENT CONSULTANT'S REPORT



The CalSTRS investment portfolio declined by \$9.8 billion over the past year ending with a value of \$102.8 billion on June 30, 2001. As highlighted below, the CalSTRS portfolio is broadly diversified, holding investments ranging from publicly-traded short-term bonds to privately-held partnerships. Clearly, the scale and breadth of investments make the management and oversight of these assets highly complex. In light of these factors, CalSTRS has been effective in using its resources in a cost-efficient manner to ensure that benefits continue to flow to CalSTRS participants.

Investment Allocation

The most critical factor influencing overall investment performance is the allocation of the CalSTRS portfolio across major asset classes. The second quarter report reflects asset allocation guidelines adopted by CalSTRS on January 1, 1999 (see left pie chart). The portfolio's actual allocation is modestly different from policy. Foreign equity is slightly underweighted while domestic debt, domestic equity and cash are slightly overweighted (see right pie chart).

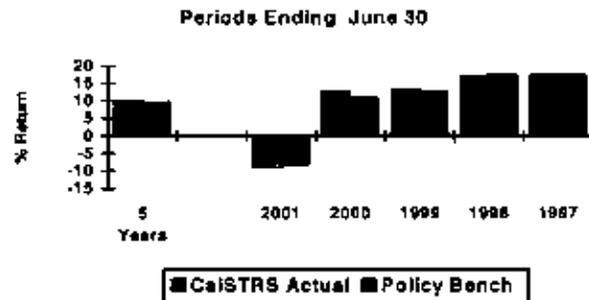


Investment Results

Over the last year, the CalSTRS investment portfolio produced an overall return of minus 9.1% ranking in the fourth quartile among its large public pension fund peers¹ (top bar chart). The portfolio underperformed policy by approximately one percent (1.0%) largely due to relative underperformance of the Fund's private investments.²



During the last three years, CalSTRS' portfolio generated a 5.1% return (second quartile vs. peer funds) compared to 4.6% for the policy benchmark. Over the last five years, the CalSTRS investment portfolio produced an average annual return of 9.8%, exceeding its policy benchmark by 30 basis points (bottom chart). Successive one-year periods are shown as well. For periods ending June 30, CalSTRS' portfolio has outperformed its policy benchmark in three of the latest five one-year periods.³



Pension Consulting Alliance, Inc.

¹ Per TUCS Universe for Public Funds with assets in excess of \$1 billion.

² The policy benchmark consists of passively managed asset class portfolios weighted by CalSTRS' policy allocations. The difference between actual results and the benchmark are due to two factors: i) deviations from policy and ii) active decisions on the part of CalSTRS and its investment managers.

³ CalSTRS' investment performance is calculated using a monthly Internal rate of return and day-weighted cash flows. Periods longer than one month are geometrically linked. This method of return calculation complies with AIMR performance presentation standards.

With the decline in the domestic and international equity markets, the market value of the CalSTRS investment portfolio declined to \$102.8 billion on June 30, 2001. While the past year was disappointing it was not unexpected. The investment portfolio had experienced an historic run of six straight years of double-digit returns. The investment performance of the past year must be viewed within the context of the past three and five years. As a perpetual defined benefit plan, CalSTRS has a very long investment time horizon. Individual year performance is not as meaningful as the overall performance over a longer period of time.

Over a three-year period, the portfolio grew by \$14.5 billion. This dollar gain represented a return of nearly 5.1 percent, outperforming its benchmark by more than 50 basis points, adding more than \$500 million to the fund. Several asset classes exceeded their benchmarks, with exemplary performance shown by the Domestic and Private Equity segments. These strong results allowed CalSTRS portfolio to finish in the top third of its peer group of large public funds. At the end of the last fiscal year, CalSTRS portfolio allocation across asset classes was as follows: U.S. and non-U.S. Equity, 61 percent; Fixed Income, 27 percent, Private Equity, 10 percent and short-term investments (cash), 2 percent.

CalSTRS continues to follow its established long-term strategies. The results achieved over the past three years reaffirmed the asset allocation decisions made by the Teachers' Retirement Board in 1997 and 1999. A consistent and well thought-out investment plan provides stability and direction during turbulent market conditions. The board and staff continue to focus on the long-term investment horizon. Asset allocation is the critical driver of the investment returns. As such, CalSTRS will continue to seek a close alignment between policy and actual allocations.

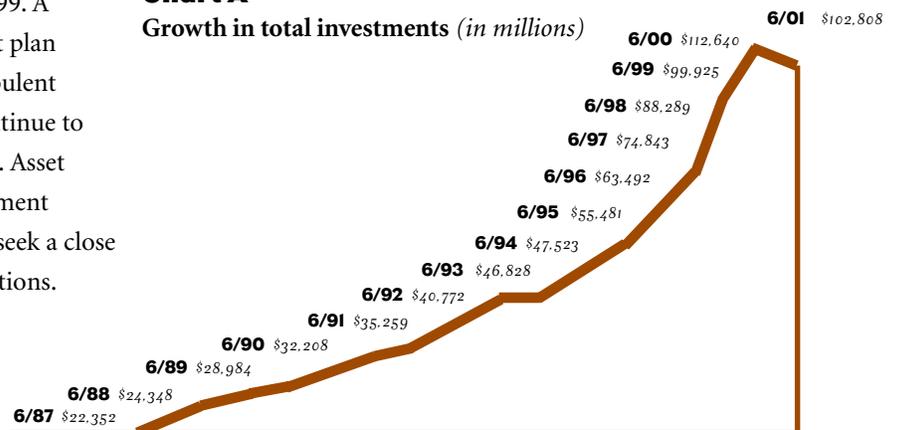
Chart A, illustrates the growth in the total investment portfolio, excluding securities lending collateral, over the past 15 years. Chart B compares CalSTRS' returns with the actuarial rate, which is the long-term assumed rate of return for the fund. Chart C shows the performance returns for all of the asset classes in the portfolio and the benchmark indices. The return calculations are consistent with Association for Investment Management and Research performance presentation standards. These returns are shown over 1, 3, 5, and 10-year periods.

Benchmark Modification

During the fiscal year, the CalSTRS Investment Committee reviewed and approved the Benchmark Modification Policy. This policy is intended to modify CalSTRS benchmarks when it is deemed in the best interest of the fund. The practical effect of this review was to change the benchmarks for all passively managed accounts, both domestic and international, to tobacco-free benchmarks. The tobacco free indices were adopted in September 2000.

Chart A

Growth in total investments (in millions)



Asset Allocation (6/30/01)
Total investment portfolio of \$102.8 billion

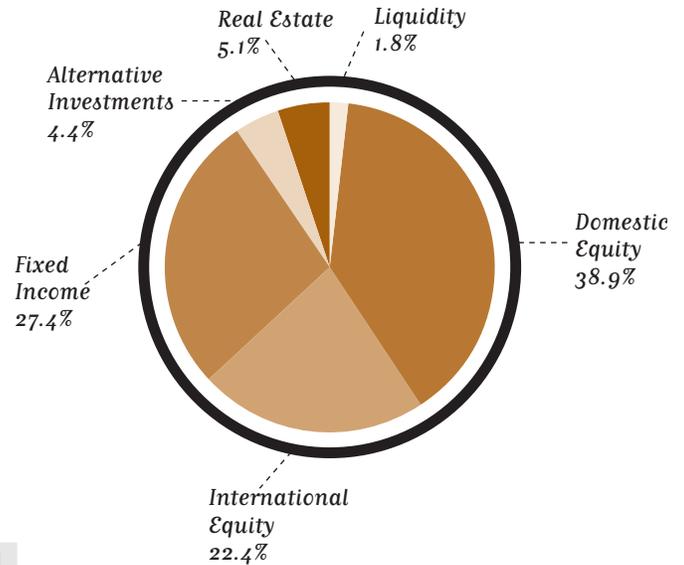


Chart B
Growth in CalSTRS' returns (percent)

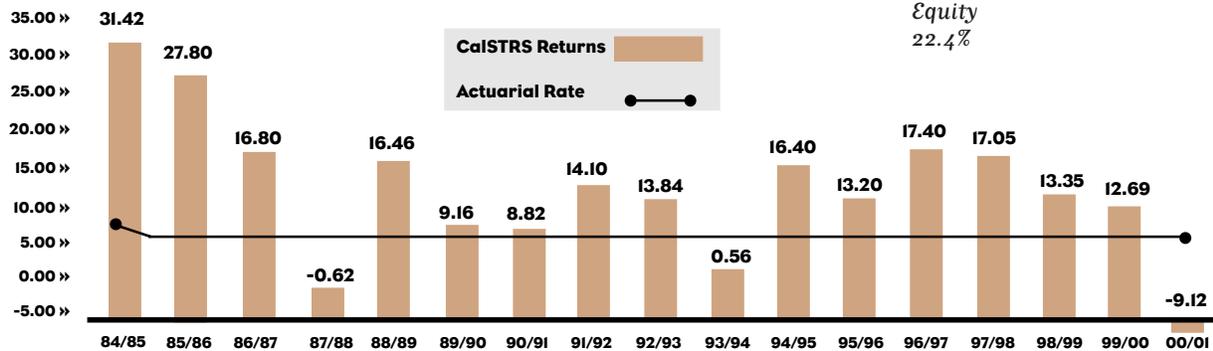


Chart C
Performance returns for major asset categories

Portfolio Type / Associated Indices	1 Yr	3 Yr	5 Yr	10 Yr
Total Fund	-9.12	5.10	9.79	10.63
Domestic Equity	-14.80	4.03	13.06	14.48
Russell 3000 *	-14.44	4.04	13.63	14.90
Wilshire 5000	-15.32	3.51	13.07	14.57
International Equity	-22.45	1.09	3.67	N/A
MSCI All Country Free ex US (G) *	-24.20	-0.65	2.56	6.42
MSCI Europe, Australia & Far East *	-23.62	-1.25	2.88	6.38
MSCI Emerging Market Free *	-26.21	1.30	-6.50	4.77
Fixed Income	11.44	5.62	8.16	8.84
Salomon LPF	11.82	5.70	7.94	8.75
Real Estate	13.84	14.62	14.82	7.29
Real Estate Custom **	11.57	11.96	12.19	6.96
Alternative Investments	-14.54	21.13	26.35	21.02
Alternative Investments Custom ***	4.44	9.85	11.58	N/A
Liquidity	6.95	6.39	6.28	5.72
Salomon 3-Month Treasury Bill	5.64	5.22	5.23	4.80

* CalSTRS adopted tobacco free indices beginning 9/1/00

** NCRIF after 7/1/97 and Institutional Property Consultants prior to 7/1/97; lagged 1 quarter

*** Blend of the [Russell 3000 + 5% + 90 day T-Bill] after 4/1/99 and [CPI + 12%] prior to 4/1/99; lagged 1 quarter

Objectives

The core objectives of the Investment Management Plan remained unchanged. The primary objectives are set forth in the California Constitution and the California Education Code. The foremost objective is to provide for present and future benefit payments, then to diversify the assets, and finally, endeavor to reduce CalSTRS funding costs. Additionally, the board and staff strive to run the investment program in such a manner so as to maintain the trust of the participants and public.

Fixed Income

The Fixed Income unit is responsible for the internal management of CalSTRS fixed income assets, totaling approximately \$28 billion in market value. As of June 30, 2001, the Treasury/Agency portfolios represented a majority of the assets, with \$10.0 billion. The High-Grade Corporate bond portfolio with \$9.2 billion, and the Mortgage Backed Securities portfolio with \$8.8

billion in assets, completed the balance of the fixed income portfolio. For the fiscal year ended June 30, 2001, the long-term fixed income portfolios trailed the performance benchmark return by 38 basis points.

The Fixed Income unit also manages a short-term portfolio, known as the Liquidity Portfolio, which is utilized for cash and liquidity purposes. This portfolio had approximately \$1.9 billion in assets at fiscal year end. While CalSTRS long-term goal is to be fully invested at all times, benefit payments and asset allocation decisions necessitate having short-term highly liquid assets that provide a competitive rate of return until re-deployed into other asset classes. The Liquidity Portfolio exceeded its performance benchmark return by over 100 basis points for the fiscal year ended June 30, 2001.

Three other programs are also managed by the Fixed Income unit: the Home Loan Program, the Currency Hedging Program, and the Securities Lending Program.

Chart D

Largest fixed income holdings as of June 30, 2001 (CalSTRS maintains a complete list of portfolio holdings)

Issue	Maturity Date	Interest Rate	Par	Market Value	Average Cost	Unrealized Gain/(Loss)
US TREAS BDS	15-Feb-20	8.50%	485,000,000	626,333,850	584,763,730	41,570,120
US TREAS BDS	15-Aug-17	8.88%	460,000,000	603,823,600	512,510,179	91,313,421
US TREAS BDS	15-Aug-19	8.13%	473,000,000	588,955,950	491,618,616	97,337,334
US TREAS BDS	15-Feb-19	8.88%	420,000,000	556,500,000	455,474,268	101,025,732
US TREAS BDS	15-May-17	8.75%	414,000,000	537,231,240	428,303,362	108,927,878
FED HOME LN MTC CORP	15-Mar-09	5.75%	480,500,000	472,614,995	432,072,145	40,542,850
US TREAS BDS	15-Nov-18	9.00%	305,000,000	407,986,300	380,324,165	27,662,135
US TREAS BDS	15-Nov-16	7.50%	325,000,000	378,625,000	332,940,846	45,684,154
US TREAS BDS	15-Aug-15	10.63%	250,000,000	365,390,000	351,954,974	13,435,026
US TREAS BDS	15-Feb-15	11.25%	235,000,000	355,583,200	335,135,432	20,447,768

Chart E

Largest equity holdings as June 30, 2001 (CalSTRS maintains a complete list of portfolio holdings)

Issue	Shares	Market Value	Average Cost	Unrealized Gain/(Loss)
General Electric Co.	28,382,794	1,383,661,208	357,541,421	1,026,119,786
Microsoft Corp.	15,262,795	1,114,184,035	383,574,917	730,609,118
Exxon Mobil Corp.	9,719,295	848,980,418	359,799,493	489,180,925
Citigroup Inc.	14,664,592	774,877,041	235,663,855	539,213,186
Pfizer Inc.	18,521,289	741,777,624	264,520,611	477,257,013
AOL Time Warner Inc.	12,609,522	668,304,666	234,379,001	433,925,665
Wal Mart Stores Inc.	12,749,536	622,177,357	170,607,147	451,570,210
International Business Machines	5,121,662	578,747,806	214,051,811	364,695,995
Intel Corp.	19,461,670	569,253,848	208,807,388	360,446,459
American Intl Group Inc.	6,520,025	560,722,150	127,937,435	432,784,715

Home Loan Program

The CalSTRS Board has been working with staff over the past couple of years in order to revitalize and update the Home Loan Program to reflect changes in the mortgage loan market. During the last fiscal year CalSTRS funded over \$350 million in home loans, representing a five-fold increase from the previous year. Given the success of the program, staff will continue to pursue opportunities to further enhance the Home Loan Program by streamlining and automating the current process.

Currency Hedging Program

The strategic objective for the Currency Hedging Program is to reduce the risk of the passively managed segment of the international equity portfolio. CalSTRS has the ability to hedge a portion of its international stock exposure in order to protect these assets against a strengthening U.S. dollar in both Asia and Europe. This program has been successful in adding value as a result of its prudent use of basic hedging principles and the strength of the U.S. dollar overseas. To date, the Currency Hedging Program has generated more than \$575 million in additional income to the fund.

Securities Lending Program

CalSTRS has been lending securities since 1988; this represents CalSTRS first and longest running extra income program. The Program was designed to enable CalSTRS to use its existing asset base and investment expertise to generate additional income. The amount of income that is earned as a result of the Securities Lending Program is based upon a number of factors. These factors include the type and amount of stocks and bonds held by CalSTRS, the volume of securities loaned, the appetite of the financial markets for CalSTRS inventory of securities, and the reinvestment of the cash taken in as collateral. Over the last fiscal year, CalSTRS has earned approximately \$70 million from this activity; since inception, the program has earned nearly \$420 million.

Internal Equity Management

During the fiscal year ended June 30, 2001, the Investment Committee changed the investment benchmark to exclude tobacco stocks for the internally managed passive portfolio. The performance objective of the portfolio is to closely track the return of the S&P 500 ex-Tobacco Index. As of June 30, 2001, the portfolio had a market value of \$13.2 billion. For the twelve-month period

Chart F

Investment summary for the year ended June 30, 2001 (in millions)

Portfolio Type	30-Jun-00		30-Jun-01			
	Book Value	Market Value	Book Value	Market Value	% of Market Value	Net Market Change
Domestic Equity	22,477	46,982	23,587	39,951	38.86%	-7,031
International Equity	21,922	28,546	22,829	22,984	22.36%	-5,562
Fixed Income	27,694	27,312	27,498	28,217	27.45%	905
Alternative Investments	3,300	5,132	3,987	4,515	4.39%	-617
Real Estate	3,943	3,772	5,257	5,274	5.13%	1,502
Liquidity	896	896	1,867	1,867	1.82%	971
Total Portfolio	80,232	112,640	85,026	102,808	100%	-9,832
Plus: Securities Lending Collateral		16,107		17,728		
Less: Accruals		1,320		381		
Plan Net Assets-Investments		127,427		120,155		

Chart G

Schedule of fees July 1, 2000 through June 30, 2001 (in thousands)

	Assets Under Management	Fees	Basis Points
Investment Managers' Fees:			
Domestic Equity	\$46,982,198	\$10,261	2.2
International Equity	28,563,905	31,673	11.1
Alternative Investments	5,131,705	1,163	2.3
Real Estate	3,771,560	12,844	34.1
Total Investment Managers' Fees	\$84,449,368	\$55,941	6.6

ended June 2001, the portfolio returned -15.38 percent, meeting its objective to closely track the index.

The Cash Equitization Program enables CalSTRS domestic equity exposure to remain closer to the board-approved strategic asset allocation policy target. The program seeks to achieve the total return of the S&P 500 Index by holding S&P 500 futures contracts or other similar securities, backed by a portfolio of short-term fixed income securities. As of June 30, 2001, the program had a market value of \$123 million. For the twelve-month period ended June 2001, the program returned -14.59 percent, outperforming its benchmark of the S&P 500 Index by 0.23 percent (23 basis points).

Alternative Investments

The Alternative Investments asset class invests in the private equity universe. These investments involve companies that are not publicly traded and normally require active involvement by the external equity managers hired by CalSTRS. The vast majority of these investments are made through limited partnership portfolios, which consist of pools of investments.

This fiscal year, CalSTRS made additional commitments of approximately \$1.9 billion in this segment of the portfolio. Total commitments now amount to approximately \$10.0 billion. There are 115 partnerships and 14 co-investments in the Alternative Invest-

ment portfolio. At the end of the fiscal year, the total market value was \$4.5 billion, representing approximately 4.4 percent of the total CalSTRS portfolio. CalSTRS continues to increase its commitments in this area as a result of the allocation review completed at the end of June 1999. The Alternative Investment asset class has achieved annualized returns of -14.5, 21.1, and 26.4 percent, for the 1, 3, and 5 year periods respectively.

Credit Enhancement

CalSTRS has a credit rating of AAA/Aaa/AAA by Standard and Poor's, Moody's Investors Service, and Fitch Inc. This rating is utilized by issuers of municipal debt in California to assist in the issuance of variable rate municipal bonds. CalSTRS enters into agreements with a number of issuers of tax-exempt debt to provide the payment of principal and interest in the event of a non-payment and/or marketing support in the capital

Chart H

Broker commissions (July 1, 2000 through June 30, 2001)

Broker Name	Commission	Shares	Commission per Share
Domestic Equity Transactions			
Jackson Partners + Associates Inc.	667,161	11,997,181	0.056
Instinet	560,921	24,464,065	0.023
Lehman Bros Inc.	532,444	15,210,748	0.035
Investment Technology Group Inc.	397,867	22,814,269	0.017
Morgan Stanley and Company, Inc.	397,614	10,470,969	0.038
Capital Institutional Services	371,681	6,695,470	0.056
CS First Boston Corporation	337,348	8,305,805	0.041
Prudential Securities Incorporated	277,117	7,516,396	0.037
Spear, Leeds & Kellogg	221,016	4,246,043	0.052
Abel Noser Corporation	219,826	4,412,450	0.050
Other Domestic	2,137,216	45,204,481	0.047
Total Domestic Commissions	6,120,209	161,337,877	0.038
International Equity Transactions			
Morgan Stanley and Company, Inc.	2,624,480	279,393,545	0.009
Merrill Lynch	1,350,266	236,077,857	0.006
Lehman Brothers Securities	1,209,829	587,325,518	0.002
CS First Boston Corporation	888,282	688,180,664	0.001
Credit Lyonnais	486,328	2,386,854,547	0.000
HSBC Investment Bank Plc	390,992	30,782,902	0.013
J.P. Morgan Securities Ltd	243,952	36,987,711	0.007
Nomura Securities Company	207,815	5,599,147	0.037
Saloman Brothers Inc.	194,862	14,944,602	0.013
SBC Warburg	184,329	1,889,251,644	0.000
Other International	1,894,635	142,320,132	0.013
Total International Commissions	9,675,770	6,297,718,269	0.002

markets. In return, CalSTRS earns fee income for these commitments. Most the transactions are supported by banks or bond insurers for repayment. As of June 30, 2001, the Credit Enhancement Program had commitments of approximately \$1.2 billion and fee income earned during the fiscal year was more than \$2.8 million.

Real Estate

During the past fiscal year, CalSTRS portfolio of real estate assets reached \$5.3 billion. The real estate portfolio is comprised of 102 directly owned properties and investments in five opportunity funds. Twenty-six directly owned assets were purchased while six assets were sold during the year. CalSTRS also committed capital to two additional opportunity funds. Real Estate assets are 5.1 percent of the total fund and met the funding allocation at June 30, 2001. The direct property portfolio is diversified as to property type and geographic location. The largest component of the direct property sector is office buildings, with the largest weighting in the western region of the United States. The CalSTRS Real Estate portfolio has achieved gross annualized returns of 13.8, 14.6 and 14.8 percent, for the 1-, 3- and 5-year periods, respectively. CalSTRS return exceeded the NCREIF benchmark by 2 percent for each of the 1-, 3- and 5-year periods.

External Equity Management

During 2001, the Public Equity portfolio, which is comprised of both internally and externally managed portfolios, continued to be an important investment vehicle to the fund. In fiscal year 2000-01, this segment of the portfolio accounted for about 61 percent (or \$62.9 million) of the total fund. Domestic Equity accounted for 39 percent of the total equity allocation, while International Equity accounted for the remaining 22 percent.

The External Equity portfolio is managed by 19 external domestic managers and 20 external international managers. Although the equity markets were

extremely volatile, CalSTRS domestic active managers slightly underperformed their benchmark by 36 basis points; however, CalSTRS international active managers continued to add value by outperforming their benchmark by 175 basis points.

Corporate Governance

During the 2000-01 fiscal year, CalSTRS voted on a variety of proxy issues including financial, corporate governance and social issues. More than 5,900 votes were cast on proxy issues of corporations whose shares were owned in the Investment Portfolio. These proxy issues were presented on 2,314 companies. The overall number of proxy issues decreased from 7,192 last year, but the number of mergers/acquisitions reviewed remained constant, at a little under 10 percent.

The major issues voted are summarized below:

1. Election of Directors: CalSTRS generally votes in favor of directors unless the proxy statement shows circumstances contrary to policy. Examples of such circumstances are: greater than 50 percent board representation by company executives, potential conflict of interest due to other directorships or employment, and classification of the company directors.

Number Voted: 2,097

For: 1,767

Against: 330

2. Selection of Auditors/Accountants: CalSTRS generally votes in favor of the independent auditors and accountants recommended by management.

Number Voted: 1,328

For: 1,328

Against: 0

3. Compensation Plans: (Stock Options, Incentive Stock Options, Employee Stock Purchase Plans, etc.) Corporations provide a variety of compensation plans to keep executives, employees, and non-employee directors. A number of these plans provide for the issuance of long-term incentives to attract, reward, and retain key employees. Compensation plans are evaluated based on CalSTRS Financial Responsibility Criteria.

Number Voted: 804

For: 287

Against: 517

4. Approve Merger/Acquisition-Management: CalSTRS generally votes in favor of the acquisition or merger of one company into another.

Number Voted: 203

For: 203

Against: 0

5. Corporate Actions/Corporate Governance Issues: These are issues related to mergers, acquisitions, stock issuance, stock splits and incorporation. CalSTRS generally votes in favor of these proposals unless there is a compelling reason not to cast a positive vote.

Number Voted: 279

For: 46

Against: 233

6. Other—Miscellaneous—Management: CalSTRS generally votes in favor of other miscellaneous business recommended by management, but issues are decided on a case-by-case basis.

Number Voted: 348

For: 306

Against: 42

Cash Balance Benefit Program

The Cash Balance Benefit Program contributions are invested at the direction of the Teachers' Retirement Board in internally pooled portfolios of the Teachers' Retirement Fund. Sixty percent of the contributions are allocated to the S&P 500 portfolio and 40 percent to the Government Index portfolio.

Contributions in the CB Benefit Program began on February 1, 1997. The investment value of those contributions as of June 30, 2001, is \$15.3 million. For both portfolios, the combined total return for the past year was -5.3 percent. Since their inception, these portfolios have achieved a return of 11.8 percent.

Defined Benefit Supplement Program

The Defined Benefit Supplement Program contributions are invested in the Teachers' Retirement Fund Excluding Private Equity (Alternative & Real Estate Investments). Contributions were first received in the DBS Program in January 2001. The investment value of those contributions as of June 30, 2001, is \$210.0 million. Since the inception of the DBS Program, the cumulative rate of return was -5.1 percent.

DEFINED BENEFIT PROGRAM-ACTUARY'S CERTIFICATION LETTER

A MILLIMAN GLOBAL FIRM



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October 22, 2001

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Defined Benefit Program

Dear Members of the Board:

We have performed an actuarial valuation of the Defined Benefit Program of the California State Teachers' Retirement System as of June 30, 2000. In our opinion, the DB Program is an actuarially sound system based on the current actuarial assumptions. Our findings indicate the projected income stream from the contributions mandated by the Education Code will be sufficient to pay the Normal Costs. In addition, the DB Program did not have an Unfunded Actuarial Obligation as of June 30, 2000.

Actuarial valuations are normally performed every two years, as of June 30 of each odd-numbered year. Special valuations were prepared as of June 30, 1998 and 2000.

In preparing the 2000 valuation, we relied upon the financial and membership data furnished by the System, and the Report of Independent Accountants prepared by PriceWaterhouseCoopers. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations.

Milliman did not prepare Schedules I and II, nor the summary of actuarial methods and assumptions in Schedule II of the Financial Section, nor the information included in this Actuarial Section of the 2001 Comprehensive Annual Financial Report. However, the actuarial information contained in Schedule I of the Financial Section and in this Actuarial Section was derived from our June 30, 2000 actuarial valuation report.

The Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the DB Program. The Board adopted all of the actuarial methods and assumptions used in the 2000 valuation.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the DB Program and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuation are appropriate for purposes of the valuation, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the DB Program. Nevertheless, the emerging costs of the DB Program will vary from those presented in this report to the extent that actual experience differs from that projected by the assumptions.



Teachers' Retirement Board
October 22, 2001
Page 2

The actuarial valuation was prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

The undersigned is an independent actuary, a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, an Enrolled Actuary, and experienced in performing valuations for large public employee retirement systems.

In conclusion, the DB Program of the California State Teachers' Retirement System is an actuarially sound system based on the current actuarial assumptions.

Respectfully submitted,

Mark O. Johnson, F.S.A., M.A.A.A., E.A.
Principal and Consulting Actuary

DEFINED BENEFIT PROGRAM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

CalSTRS, through its consulting actuary, performs an experience study every four years to determine appropriate demographic and economic assumptions. These assumptions are then applied when the consulting actuary performs an actuarial valuation to monitor the funding status of the Defined Benefit Program. The most recent experience study for the period 1995 through 1999 was completed as of June 30, 1999. The study was adopted by the Teachers' Retirement Board on February 3, 2000. The most recent actuarial valuation was completed as of June 30, 2000, and adopted by the Teachers' Retirement Board on May 3, 2001. The following summary and tables were prepared by the CalSTRS staff. All information is considered in the June 30, 2000, actuarial valuation.

Following are the assumptions adopted by the Teachers' Retirement Board for this program.

- Investment return rate is 8.00 percent.
- Method used to value program assets for actuarial valuation purposes: Expected actuarial value adjusted for one-third of the difference between actual market value and expected actuarial value.
- Assumption for general wage increase is 4.25 percent of which 3.5 percent is due to inflation and .75 percent is due to expected gains in productivity.
- The actuarial cost method used by the program is the entry age normal actuarial cost method, with actuarial gains and losses amortized over the remaining period required for the amortization of any unfunded actuarial obligation. The board policy is to amortize these components over a period that does not exceed 30 years.

- The extent to which benefits are expected to increase as a result of cost-of-living type adjustments is an annual 2 percent increase to the initial allowance beginning on September 1 following the first anniversary of the effective date of the allowance. Since 1971, this increase is applied to all eligible continuing allowances.

Table 1 Post-retirement mortality table for sample ages

Age	Male	Female
	1999 CalSTRS Retired-M	1999 CalSTRS Retired-F
50	0.19 %	0.12 %
55	0.32	0.19
60	0.56	0.34
65	1.02	0.67
70	1.80	1.18
75	2.85	1.83
80	5.02	3.78
85	9.42	6.50
90	14.75	11.63
95	23.36	18.62

Table 2 Probabilities of retirement for sample ages

Age	Male	Female
55	5.0 %	6.0 %
60	20.0	12.0
65	20.0	19.0
70	100.0	100.0

Table 3 Probabilities of withdrawal from active service before age and service retirement for sample ages

Duration	Entry Ages			
	25-29	30-34	35-39	40+
Male				
1	12.5%	12.5%	12.5%	12.5%
2	9.5	9.2	9.2	9.5
3	6.8	6.8	6.8	7.2
4	5.8	5.8	5.8	6.2
5	4.2	4.2	4.2	4.2
10	2.0	2.0	2.0	2.4
15	1.1	1.1	1.2	
20	0.6	0.6		
25	0.5			
Female				
1	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	7.5	6.8
3	7.3	6.5	5.5	5.3
4	7.1	5.6	4.5	4.0
5	5.8	4.2	3.5	3.0
10	2.0	1.7	1.4	1.6
15	0.9	1.0	0.9	
20	0.7	0.9		
25	0.6			

Table 4 Assumption for pay increases due to promotions and longevity for sample ages (exclusive of the assumed general wage increase, which includes inflation)

Duration	Entry Ages					
	Under 25	25-29	30-34	35-39	40-44	45+
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.3	1.2	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5		

Table 5 Economic assumptions

Consumer Price Inflation	3.5%
Investment Yield	8.00
Wage Inflation	4.25
Interest on Member Accounts	6.00
Growth in Active Membership	0.00
Administrative Expenses	0.00*

* Provided by gross investment return

Discussion of recent changes in:

The nature of the program—Since the last experience study as of June 30, 1999, a program amendment has been made that affects the June 30, 2000 actuarial valuation. This program amendment, effective January 1, 2000, is: minimum benefit payable to certain benefit recipients with at least 20 years of creditable service. Minimum benefit is equal to \$15,000 with 20 years of service increasing in \$500 increments for each additional year of service to \$20,000 if the member had 30 or more years of credited service.

Actuarial assumptions—The actuarial valuation utilizes various methods and two different types of assumptions: economic and demographic. Economic assumptions are related to the general economy and its impact on CalSTRS or to the operation of the membership. Demographic assumptions predict the future experience of the membership with respect to eligibility and benefits and are directly related to the specific experience of CalSTRS members.

Economic assumptions: The two major economic assumptions are investment return and wage growth and each is affected by the underlying assumed rate of inflation. Tables 1–5 provide the economic actuarial assumptions for this program as reflected in the most recent actuarial valuation for the program (as of June 30, 2000).

Demographic assumptions: Tables 6–11 provide demographic assumption information for this program as reflected in the most recent actuarial valuation for the program (as of June 30, 2000).

Table 6 Mortality assumptions

Retired Members	
Male	1999 CalSTRS Retired-M
Female	1999 CalSTRS Retired-F
Active Members	
Male	1999 CalSTRS Retired-M (-2)
Female	1999 CalSTRS Retired-F (-2)
Beneficiaries	
Male	1999 CalSTRS Beneficiary-M
Female	1999 CalSTRS Beneficiary-F
Pre-1972 Disabilities	
Male	1951 GAM-M (-1)
Female	1951 GAM-M (-7)

Table 7 Termination from disability due to death

Male	1994 GAM-M (Min. 2.5% with select rates in first 3 years)
Female	1994 GAM-F (Min. 2.2% with select rates in first 3 years)

Actuarial Methods

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Asset Valuation Method	Expected Value with one-third adjustment to Market Value

The asset smoothing method projects an Expected Value of Assets using the assumed rate of investment return, then one-third of the difference between the Expected Value and the Market Value is recognized in the Actuarial Value of Assets.

CalSTRS contracts for all actuarial services. The current contractor, Milliman USA, has been the program's actuary since January 15, 2000.

There are no other specific assumptions that have a material impact on valuation results for this program.

Table 8 Service retirement (sample ages)

	Benefits	
	Pre-1999	1999
Male		
55	5.8%	5.0%
60	25.0	20.0
65	20.0	20.0
70	100.0	100.0
Female		
55	7.0%	6.0%
60	22.0	12.0
65	18.0	19.0
70	100.0	100.0

The data displayed in Table 12 (on page 62) is as of June 30 of the specified year. Other information, specifically annual payroll amounts, reported in the financial section of this report will generally not be consistent. The reason for this is that the financial data reflects payroll for all individuals who were active during the year, while Table 12 only includes those individuals who are active as of June 30. It does not include those individuals who were active at some point during the year but not as of June 30.

Amounts provided in Table 13 (on page 62) represent the status of the population as of June 30 of the indicated year. The information provided in the Removed From Rolls and Rolls End of Year columns include the application of the annual post-retirement 2 percent not-compounded cost-of-living adjustment.

The data provided for each year end in Table 13 is a snapshot of the population taken following year-end closing for the indicated period. It is likely adjustments will be made subsequent to this closing. No attempt is made to update the data in Table 13 for these adjustments.

Table 9 Disability**Rate of Disability (sample ages)***Coverage A*

Male	30	0.030%
	40	0.081
	50	0.159
Female	30	0.030%
	40	0.090
	50	0.219

Coverage B

		Entry Age Under 40	Entry Age 40+
Male	30	0.030%	
	35	0.051	
	40	0.120	
	45	0.150	0.196%
	50	0.195	0.288
	55	0.270	0.390
Female	30	0.030%	
	35	0.051	
	40	0.090	
	45	0.141	0.231%
	50	0.231	0.360
	55	0.318	0.459

Because of the potential for post-closing adjustments that are not updated in Table 13, and for post-retirement adjustments that are included in the individual accounts rather than separately maintained, any update of a prior end of year total using additions and deletions from the next year most likely will not equal the total provided for the next year.

An experience analysis was performed for the program in 1995 and again in 1999. As a result of the performance of these studies, changes were made to the actuarial assumptions and to the funding methods. The following significant plan changes have taken place during the time depicted in Table 14. These program amendments include:

Effective January 1, 1999

- Increased age factor for members who retire after age 60
- Career factor for members who retire with more than 30 years of service
- Service Credit for unused sick leave

Effective January 1, 2000

- Minimum benefit payable to certain benefit recipients with at least 20 years of creditable service. Minimum benefit is equal to \$15,000 with 20 years of service increasing in \$500 increments for each additional year of service to \$20,000 if the member had 30 or more years of credited service.

The most recent actuarial valuation of the system (as of June 30, 2000) determined there is no unfunded actuarial obligation for this program. The prior actuarial valuation (as of June 30, 1999) also indicated there was no unfunded actuarial obligation.

With the exception of the actuarial valuations performed as of June 30, 1998, and June 30, 2000, actuarial valuations are performed every two years in odd numbered years to analyze the sufficiency of the statutory contributions to meet the current and future obligations of the program. By using the actuarial methods and assumptions adopted by the Teachers' Retirement Board, the actuarial valuation provides the best estimate of the program's long-term financing.

Comparing the unfunded actuarial obligation as of two valuation dates does not provide enough information to determine if there were actuarial gains or losses. The correct comparison is between the unfunded actuarial obligation on the valuation date and the expected unfunded actuarial obligation projected from the prior valuation date using the actuarial assumptions in effect for the period of comparison.

Table 15 (on page 63) shows the actuarial obligation and the elements to project that figure forward: the normal cost, less benefit payments, plus a charge for interest at the assumed rate. In addition, the table shows actuarial gains, in parentheses, and losses by individual component.

Table 10 Withdrawal, all terminations

Male 14,117 **Female** 28,460

Rates of termination by sample duration of membership and sample entry age

Duration	Sample Entry Ages			
	25-29	30-34	35-39	40+
Male				
1	12.5%	12.5%	12.5%	12.5%
2	9.5	9.2	9.2	9.5
3	6.8	6.8	6.8	7.2
4	5.8	5.8	5.8	6.2
5	4.2	4.2	4.2	4.2
10	2.0	2.0	2.0	2.4
15	1.1	1.1	1.2	
20	0.6	0.6		
25	0.5			
Female				
1	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	7.5	6.8
3	7.3	6.5	5.5	5.3
4	7.1	5.6	4.5	4.0
5	5.8	4.2	3.5	3.0
10	2.0	1.7	1.4	1.6
15	0.9	1.0	0.9	
20	0.7	0.9		
25	0.6			

Probability of refund by sample durations of membership and sample entry ages

Duration	Sample Entry Ages			
	25-29	30-34	35-39	40+
Male				
Under 5	100%	100%	100%	100%
10	40	40	45	40
15	40	35	35	
20	35	30		
25	20			
Female				
Under 5	100%	100%	100%	100%
10	25	30	30	25
15	20	30	20	
20	20	20		
25	20			

Actuarial gains reduce the unfunded actuarial obligation as of the valuation date, and actuarial losses increase the unfunded actuarial obligation. Most actuarial gains and losses are a result of short-term fluctuations in experience or changes in actuarial assumptions. Because of the long-term nature of actuarial assumptions, future patterns of emerging experience may offset these short-term fluctuations.

Independent Actuarial Review

Actuarial services for the California State Teachers' Retirement System are provided under contract by a qualified independent actuarial firm, with additional review provided by the staff actuary.

The work performed for CalSTRS by the independent actuarial firm may be reviewed by the Bureau of State Audits, at the discretion of the Teachers' Retirement Board. Also, through the competitive acquisition process, the work of a prior actuary will be verified in a subsequent actuarial valuation performed by a new contract actuary. Should the same actuarial firm continue for a period of 10 years, provision is made for an independent review of that firm's work through an actuarial audit completed by another firm. These audit services are acquired using the competitive bid process.

Table 11 Promotional salary increases (assumption for salaries due to promotions and longevity, exclusive of the assumed general wage increase)

Duration	Sample Entry Ages (Unisex)					
	Under 25	25-29	30-34	35-39	40-44	45+
1	5.7%	5.3%	5.1%	4.9%	4.9%	3.5%
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.3	1.2	1.1	0.8	0.8	0.6
30	0.9	0.7	0.6	0.5		

Table 12 Schedule of active member valuation data

Date (as of June 30)	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
1996	336,725	\$12,994,673,531	\$38,591	1.8%
1997	364,000	14,371,068,403	39,481	2.3
1998	385,530	15,725,658,541	40,790	3.3
1999	402,220	17,007,886,951	42,285	3.7
2000	420,530	18,224,271,726	43,336	2.5
2001	428,741	20,494,151,991	47,801	10.3

Table 13 Schedule of retired members and beneficiaries added to and removed from rolls (\$ thousands)

Date (as of June 30)	Added to Rolls		Removed from Rolls		Rolls-End of Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
1996	7,737	\$186,916	4,642	\$55,635	150,805	\$2,621,422	7.5%	\$17,383
1997	6,672	163,744	4,717	59,864	153,639	2,781,406	6.1	18,104
1998	7,996	206,368	4,908	64,640	157,747	2,985,017	7.3	18,923
1999	7,874	236,923	5,105	69,463	161,457	3,220,227	7.9	19,945
2000	8,184	261,607	5,550	78,483	165,282	3,473,208	7.9	21,014
2001	9,513	369,689	5,694	92,039	170,972	4,006,345	15.3	23,433

Table 14 Solvency test (\$ millions)

*Valuation Date (as of June 30)	Aggregate Accrued Liabilities For						
	(1) Active Member Contributions On Deposit	(2) Future Benefits to Benefit Recipients	(3) Service Already Rendered by Active Members	Actuarial Value of Assets	Funding of Liabilities		
					(1)	(2)	(3)
1997	\$17,041	\$29,127	\$23,684	\$67,980	100.0%	100.0%	92.1%
1998	18,451	31,158	24,625	77,290	100.0	100.0	112.4
1999 (a)	19,940	33,019	33,390	90,001	100.0	100.0	104.2
2000	21,337	36,238	35,549	102,225	100.0	100.0	109.8

*No actuarial report is prepared in even-numbered years, except for the June 30, 1998 report. No estimation using actuarial methodology is made in years between valuations.
(a) Effective January 1, 1999, program changed to increase retirement multiplier and add career factor and service credit for unused sick leave.

Table 15 Analysis of financial experience (gains and losses in unfunded actuarial obligation resulting from differences between assumed and actual experience) (\$ Billions)

	Actuarial Valuation as of June 30	
	2000	1999
Actuarial Obligation at June 30:	\$86,349 (1999)	\$74,234(1998)
Normal Cost	2,692	2,441
Benefit Payments	(3,515)	(3,220)
Expected Interest	6,983	6,005
Expected Actuarial Obligation at June 30:	92,509	79,460
Expected Actuarial Value of Assets at June 30:	100,659	86,150
Expected Unfunded Actuarial Obligation at June 30:	(8,150)	(6,690)
Actuarial (Gains) & Losses		
Change in Asset Method		(2,629)
Change in Actuarial Assumptions		(3,187)
Investment Return Assumption	(1,566)	(1,195)
Demographic Assumptions	260	2,616
Net Change Other Sources	355	7,460
Total Actuarial (Gains) & Losses	(951)	3,065
Unfunded Actuarial Obligation at June 30:	(9,101)	(3,625)

SUMMARY OF DEFINED BENEFIT PROGRAM PROVISIONS

(The following summary and tables were prepared by the CalSTRS staff. All information is considered in the June 30, 2000, actuarial valuation.)

Normal Retirement

Eligibility Requirement

Age 60 with five years of credited service.

Allowance

2 percent of final compensation for each year of credited service.

Credited Service

For each year of membership, credited service is granted based on the ratio of salary earned to full-time salary earnable for one position.

Final Compensation

Average salary earnable for the highest three consecutive years of credited service for one position.

IRC Section 415

Benefits are subject to limits imposed under Internal Revenue Code Section 415.

Sick Leave Service Credit

Credited service is granted for unused sick leave at the time of retirement.

Career Bonus

If a member has thirty years of credited service, the age factor is increased by 0.2 percent. However, the maximum age factor is 2.4 percent.

Early Retirement

Eligibility Requirement

Age 55 with five years of credited service, or age 50 with 30 years of credited service.

Benefit Reduction

A 1/2 percent reduction in the normal retirement allowance for each full month or partial month the member is younger than age 60, plus a reduction of 1/4 percent for each full month or partial month the member is younger than age 55.

Late Retirement**Allowance**

Members continue to earn additional service credit after age 60. The 2 percent age factor increases by 0.033 percent for each quarter year of age that the member is over age 60, up to a maximum of 2.4 percent.

Deferred Retirement**Allowance**

Any time after satisfying the minimum service requirement, a member may cease active service, leave the accumulated contributions on deposit, and later retire upon attaining the minimum age requirement.

Post-Retirement Benefit Adjustment**Benefit Improvement Factor**

2 percent simple increase on September 1 following the first anniversary of the effective date of the allowance, applied to all continuing allowances.

Disability Allowance — Coverage A**Eligibility Requirement**

Member has five years of credited California service and has not attained age 60.

Allowance

50 percent of final compensation

or

5 percent of final compensation for each year of service credit if over age 45 with less than 10 years of service credit.

Children's Benefit

10 percent for each eligible dependent child, up to a maximum of 40 percent of final compensation. The increment for each eligible child continues until the child marries or attains age 22. Beginning in 2002, children not registered as full-time students will retain eligibility up to age 18.

Offsets

Allowance, including children's increment, is reduced by disability benefits payable under Social Security, Workers' Compensation and district-paid income protection plan.

**Disability Allowance — Coverage B
Eligibility Requirement**

Member has five years of credited California service.

Allowance

50 percent of final compensation, regardless of age and service credit.

Children's Benefit

10 percent for each eligible child up to four children, for a maximum of 40 percent of final compensation. The increment for each child continues until the child attains age 21, regardless of student, marital, or employment status.

Offsets

The member's allowance is reduced by disability benefits payable under Workers' Compensation.

Death Before Retirement — Coverage A**Eligibility Requirement**

One or more years of service credit for active members or members receiving a disability allowance.

Lump Sum Payment

\$5,598 lump sum to the designated beneficiary. If there is no surviving spouse or eligible children, the contributions and interest are paid to the designated beneficiary.

Allowance

The surviving spouse with eligible children will receive a family benefit of 40 percent of final compensation for as long as there is at least one eligible child. An additional 10 percent of final compensation is payable for each eligible child up to a maximum benefit of 90 percent.

If there is no surviving spouse, an allowance of 10 percent of final compensation is payable to eligible children up to a maximum benefit of 50 percent.

When there are no eligible children, the spouse may elect to receive one half of a 50 percent joint and survivor allowance projected to age 60, or take a lump sum payment of the remaining contributions and interest.

Death Before Retirement — Coverage B

Eligibility

One or more years of service credit for active members.

Lump Sum Payment

\$22,394 lump sum to the designated beneficiary. If there is no surviving spouse, the contributions and interest are paid to the designated beneficiary.

Allowance

A lump sum payment of the contributions and interest.

or

One half of a 50 percent joint and survivor allowance, beginning on the member's 60th birthday, or immediately with a reduction based on the member and spouse's age at the time the benefit begins.

If the surviving spouse elects a monthly allowance, each eligible child would receive 10 percent of the member's final compensation, with a maximum benefit of 50 percent.

Death After Retirement

Lump Sum Payment

\$5,598 lump sum to the designated beneficiary.

Annuity Form

If the retirant had elected one of the joint and survivor options, the retirement allowance would be modified in accordance with the option selected.

If no option had been elected, payment of the unpaid contributions and interest, if any, remaining in the retirant's account will be made to the deceased member's estate.

Termination from System

Refund

Refund of the member's contributions with interest as credited to the member's account to date of withdrawal. A refund terminates membership and all rights to future benefits from the System.

Re-entry After Refund

Former members who re-enter the System may redeposit all amounts previously refunded plus regular interest. The member must earn one year of credited service after re-entry before becoming eligible for System benefits.

Funding

Member Contribution

Eight percent of creditable compensation.

Employers Contribution

Eight percent of the total creditable compensation on which member contributions are based.

plus

0.25 percent of the total creditable compensation on which members' contributions are based to pay costs for unused sick leave service credit.

State Contribution

The state pays 3.102 percent of the total creditable compensation of the immediately preceding calendar year upon which members' contributions are based, calculated annually on October 1, and paid in four equal quarterly payments. Used to fund certain benefit enhancements effective January 1, 1999.

plus

Up to 1.505 percent of the total creditable compensation of the immediately preceding calendar year upon which members' contributions are based, calculated annually on October 1, and paid in four equal quarterly payments. This contribution is made if there is an unfunded obligation or normal cost deficit for benefits in effect on July 1, 1990.

CHANGES IN DEFINED BENEFIT PROGRAM PROVISIONS

Since the last annual financial report, program amendments have been made that would affect the next actuarial valuation. The amendments described below were effective January 1, 2001, and, therefore, not considered for the June 30, 2000, actuarial valuation.

One-Year Final Compensation

Members who retire on or after January 1, 2001 with 25 or more years of service credit have final compensation based on the highest annual compensation earnable during 12 consecutive months.

Defined Benefit Supplement Program

Members who perform creditable service on or after January 1, 2001, will have their member contributions to the Defined Benefit Program reduced from 8 percent to 6 percent of creditable earnings. The remaining 2 percent of creditable earnings will be contributed to the DBS program to provide an additional or supplemental benefit to the member, in addition to the benefit provided by the DB Program. Member contributions to the DBS Program are legislated to continue for 10 years, until December 31, 2010.

Longevity Bonus

Members who retire on or after January 1, 2001 with 30 or more years of service credit are entitled to a longevity bonus paid monthly in their retirement allowance. The bonus is a flat monthly amount depending upon the number of years of service based upon the following:

30 years of service	\$200
31 years of service	300
32 or more	400

Minimum Guarantee

The minimum guarantee established effective January 1, 2000, is extended effective January 1, 2001, to certain benefit recipients who did not qualify for the previous minimum guarantee. If the member had 20 years of service at retirement, a minimum allowance of \$15,000 will apply (before adjustments for optional survivorship benefits). The minimum allowance increases in \$500 increments for each additional year of credited service to \$20,000 if the member had 30 or more years of credited service.

Health Benefits Program

The HB Program was established in 2001 to pay Medicare Part A premiums, beginning July 1, 2001, for DB Program members who are retired or will retire prior to January 1, 2006, and who meet certain other criteria. The HB Program is funded as needed from statutory employer contributions that exceed the DB Program annual required contributions.

Replacement Benefits Program

The RB Program was established in 2000 to provide benefits in excess of the Internal Revenue Code 415 benefit limits. The program is funded on a "pay as you go" basis from employer contributions. The first benefits provided under the RB Program were in the fall of 2000. The number of payees in the program is expected to stay small, at June 30, 2001, there were two.

DEFINED BENEFIT SUPPLEMENT PROGRAM

SUMMARY OF DEFINED BENEFIT SUPPLEMENT PROGRAM PROVISIONS

Membership

Eligibility Requirement

All members of the Defined Benefit Program who perform creditable service and earn creditable compensation after December 31, 2000 have a DBS account.

Account Balance

Account Balance

Nominal accounts established for the purpose of determining DBS benefits payable to the member. Accounts are credited with contributions, interest at the minimum interest rate, and, if applicable, additional earnings credits.

Contributions

One-quarter of the 8 percent of member contributions on creditable compensation are allocated to the member's DBS account.

Minimum Interest Rate

Annual rate determined for the plan year by the Teachers' Retirement Board in accordance with federal laws and regulations. The minimum interest rate is equal to the average of the yields on 30-year Treasuries for the twelve months ending in February preceding the beginning of the plan year, rounded to the next highest 0.25 percent. The minimum interest rate is not less than the rate at which interest is credited under the Defined Benefit Program.

Additional Earnings Credit

Annual rate determined for the plan year by the Teachers' Retirement Board based on the actual earnings during the plan year but only to the extent the earnings are sufficient to credit the minimum interest rate and provide any additions to the gain and loss reserve deemed warranted by the board.

Normal Retirement

Eligibility Requirement

Receipt of a corresponding benefit under the DB Program.

Benefit

The account balance at the benefit effective date subject to limits imposed under Internal Revenue Code Section 415.

Form of Payment

The normal form of payment is a lump-sum distribution. annuity options are available if the account balance is equal to at least \$3,500.

Early Retirement

Eligibility Requirement

Same as Normal Retirement.

Benefit and Form

Same as Normal Retirement.

Late Retirement

Benefit and Form

Same as Normal Retirement.

Contributions and earnings may continue to be credited to the account balance.

Deferred Retirement

Benefit

A member must receive a DBS benefit when the corresponding DB benefit is received.

Disability Benefit

Eligibility Requirement

Receipt of a corresponding benefit under the DB Program.

Benefit

The account balance at the date the disability benefit becomes payable.

Form of Payment

Same as Normal Retirement. An annuity benefit is discontinued upon termination of the corresponding DB benefit.

Death Before Retirement**Eligibility Requirement**

Deceased member has an account balance.

Benefit

The account balance at the date of death payable to the designated beneficiary.

Form of Payment

Same as Normal Retirement.

Death After Retirement**Eligibility Requirement**

The deceased member was receiving an annuity.

Benefit

According to the terms of the annuity elected by the member.

Termination from the Program**Eligibility Requirement**

Termination of all employment to perform creditable service subject to coverage under the Teachers' Retirement Plan.

Benefit

Lump-sum distribution of the account balance as of the date of distribution. The benefit is payable one year from the termination of creditable service.

CASH BALANCE BENEFIT PROGRAM-ACTUARY'S CERTIFICATION LETTER

A MILLIMAN GLOBAL FIRM



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October 22, 2001

Teachers' Retirement Board
California State Teachers' Retirement System

Re: Valuation of the Cash Balance Benefit Program

Dear Members of the Board:

We have performed an actuarial valuation of the Cash Balance Benefit Program of the California State Teachers' Retirement System as of June 30, 2000. In our opinion, the CBB Program is an actuarially sound system based on the current actuarial assumptions. Our findings indicate the projected income stream from the contributions will be sufficient to pay the Normal Costs. In addition, the CBB Program had an Actuarial Surplus of \$517,000 as of June 30, 2000.

Actuarial valuations are performed as of June 30 of each year.

In preparing the 2000 valuation, we relied upon the financial and membership data furnished by the System. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations.

Milliman did not prepare Schedules I and II, nor the summary of actuarial methods and assumptions in Schedule II of the Financial Section, nor the information included in this Actuarial Section of the 2001 Comprehensive Annual Financial Report. However, the actuarial information contained in Schedule I of the Financial Section and in this Actuarial Section was derived from our June 30, 2000 actuarial valuation report.

The Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the CBB Program. The Board adopted all of the actuarial methods and assumptions used in the 2000 valuation.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the CBB Program and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuation are appropriate for purposes of the valuation, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the CBB Program. Nevertheless, the emerging costs of the CBB Program will vary from those presented in this report to the extent that actual experience differs from that projected by the assumptions.

The actuarial valuation was prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable



Teachers' Retirement Board
October 22, 2001
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Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

The undersigned is an independent actuary, a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, an Enrolled Actuary, and experienced in performing valuations for large public employee retirement systems.

In conclusion, the CBB Program of the California State Teachers' Retirement System is an actuarially sound system based on the current actuarial assumptions.

Respectfully submitted,

Mark O. Johnson, F.S.A., M.A.A.A., E.A.
Principal and Consulting Actuary

CASH BALANCE BENEFIT PROGRAM

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

CalSTRS, through its consulting actuary, will perform an experience study at least every four years to determine appropriate demographic and economic assumptions. These assumptions are then applied every year when the consulting actuary performs an actuarial valuation to monitor the funding status of the Cash Balance Benefit Program. The most recent actuarial valuation was completed as of June 30, 2000, and adopted by the Teachers' Retirement Board May 3, 2001. The following summary and tables were prepared by CalSTRS staff. All information is considered in the June 30, 2000, actuarial valuation.

The Cash Balance Benefit Program was established July 1, 1996. The first experience study of the program was completed January 21, 2000. The experience study was adopted by the Teachers' Retirement Board on February 3, 2000, and used to complete the latest actuarial valuation. Following are the assumptions adopted by the Teachers' Retirement Board for this program.

- Investment return rate is 8.00 percent.
- Method used to value plan assets for actuarial valuation purposes: Fair market value.
- Assumption for general wage increase because of inflation is 4.25 percent, of which 3.5 percent is due to inflation and .75 percent is due to expected gains in productivity.
- The actuarial cost method used by the program is the traditional unit credit cost method.
- The Cash Balance Benefit Program does not provide cost-of-living adjustments for benefit recipients.

DISCUSSION OF RECENT CHANGES IN:

The nature of the program—The Cash Balance Benefit Program is a relatively new program, established July 1, 1996. All provisions of the program were considered when completing the most recent actuarial valuation.

Table 1 Post-retirement mortality table for sample ages

Age	Male	Female
50	0.19 %	0.12 %
55	0.32	0.19
60	0.56	0.34
65	1.02	0.67
70	1.80	1.18
75	2.85	1.83
80	5.02	3.78
85	9.42	6.50
90	14.75	11.63
95	23.36	18.62

1999 CalSTRS Retired-M 1999 CalSTRS Retired-F

Table 2 Probabilities of retirement for sample ages

Age	Male	Female
55	5.0 %	6.0 %
60	20.0	12.0
65	20.0	19.0
70	100.0	100.0

Actuarial assumptions—The following assumptions were used to complete the valuation for this program.

The economic assumptions for the actuarial valuation as of June 30, 2000, did not affect the unfunded actuarial obligation. The economic assumptions for this program will have minimal impact under the traditional unit credit cost method or only have significance when participants elect to annuitize the account balance. Under the program, a participant must have at least \$3,500 in his or her account to elect to annuitize the account balance.

The demographic assumptions for the actuarial valuation as of June 30, 2000, did not affect the unfunded actuarial obligation. The demographic assumptions for this program will have minimal impact under the traditional unit credit cost method or only have significance when participants elect to annuitize the account balance. Under the program, a participant must have at least \$3,500 in his or her account to elect to annuitize the account balance.

Table 3 Probabilities of withdrawal from active service before age and service retirement for sample ages

Duration	Entry Ages-Female				
	Under 25	25-29	30-34	35-39	40+
Males					
1	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.5	9.2	9.2	9.5
3	7.7	6.8	6.8	6.8	7.2
4	5.8	5.8	5.8	5.8	6.2
5	5.0	4.2	4.2	4.2	4.2
10	2.0	2.0	2.0	2.0	2.4
15	1.1	1.1	1.1	1.2	
20	0.6	0.6	0.6		
25	0.5	0.5			
30	0.3				
35	0.3				
40	0.3				
Females					
1	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	8.3	7.5	6.8
3	7.7	7.3	6.5	5.5	5.3
4	7.1	7.1	5.6	4.5	4.0
5	5.5	5.8	4.2	3.5	3.0
10	2.3	2.0	1.7	1.4	1.6
15	1.1	0.9	1.0	0.9	
20	0.6	0.7	0.9		
25	0.6	0.6			
30	0.3				
35	0.3				
40	0.3				

Table 4 Assumption for pay increases due to promotions and longevity for sample ages (exclusive of the assumed general wage increase, which includes inflation)

Duration	Entry Ages					
	Under 25	25-29	30-34	35-39	40-44	45+
1	6.1%	5.8%	5.5%	5.4%	5.4%	4.0%
2	5.6	5.1	4.9	4.7	4.7	3.3
3	5.5	5.0	4.7	4.6	4.6	3.0
4	5.5	4.8	4.6	4.4	4.4	2.9
5	5.5	4.8	4.5	3.8	3.8	2.6
10	3.2	3.0	2.7	2.3	2.2	1.6
15	1.5	1.5	1.4	1.1	1.1	0.8
20	1.2	1.1	1.1	0.7	0.7	0.5
25	1.1	1.0	0.9	0.5	0.6	
30	0.9	0.7	0.6	0.4		
35	0.7	0.7	0.5			
40	0.8	0.7				
45	0.8					

Table 5 Economic assumptions

Consumer Price Inflation	3.5%
Investment Yield	8.00
Wage Inflation	4.25
Interest on Member Accounts	8.00

Table 6 Mortality assumptions

Retired Members	
Male	1999 CalSTRS Retired-M
Female	1999 CalSTRS Retired-F
Active Members	
Male	1999 CalSTRS Retired-M (-2)
Female	1999 CalSTRS Retired-F (-2)
Beneficiaries	
Male	1999 CalSTRS Beneficiary-M
Female	1999 CalSTRS Beneficiary-F

Table 7 Termination from disability

Male	1994 GAM-M (Min. 2.5% with select rates in first 3 years)
Female	1994 GAM-F (Min. 2.2% with select rates in first 3 years)

Table 8 Service retirement (sample ages)

Male	
55	5.0%
60	20.0
65	20.0
70	100.0

Female	
55	6.0%
60	12.0
65	19.0
70	100.0

ACTUARIAL METHODS

Actuarial Cost Method Traditional Unit Credit

Asset Valuation Method Fair Market Value

The actuarial methods used for the program’s actuarial valuation as of June 30, 2000, result in an actuarial surplus of \$517,000. This surplus is primarily due to the merger of the Defined Benefit and the Cash Balance plans into a single plan with a separate Defined Benefit Program and a Cash Balance Benefit Program effective January 1, 1999, and the discharge of the \$1.3 million loan from the Teacher’s Retirement Fund.

CalSTRS contracts for all actuarial services. The current contractor, Milliman USA, has been CalSTRS’ actuary since January 15, 2000.

There are no other specific assumptions that have a material impact on valuation results for this program.

INDEPENDENT ACTUARIAL REVIEW

Actuarial services for the California State Teachers’ Retirement System are provided under contract by a qualified independent actuarial firm, with additional review provided by the staff actuary.

Table 9 Disability rates (sample ages)

	Entry Age Under 40	Entry Age 40+	
Male	25	0.021%	
	30	0.030	
	35	0.051	
	40	0.120	
	45	0.150	0.196%
	50	0.195	0.288
Female	55	0.270	0.390
	25	0.030%	
	30	0.030	
	35	0.051	
	40	0.090	
	45	0.141	0.231%
50	0.231	0.360	
55	0.318	0.459	

The work performed for CalSTRS by the independent actuarial firm may be reviewed by the Bureau of State Audits at the discretion of the Teachers’ Retirement Board. Also, through the competitive bid process, the work of a prior actuary will be verified in a subsequent actuarial valuation performed by a new contract actuary. Should the same actuarial firm continue for a period of 10 years, provision is made for an independent review of that firm’s work through an actuarial audit completed by another firm. These audit services are acquired using the competitive bid process.

The current actuarial consultant was retained on January 15, 2000, as a result of the competitive bid process.

Table 10 Withdrawal rates (rates of termination by sample durations of membership and sample entry ages.)

Duration	Sample Entry Ages				
	Under 25	25-29	30-34	35-39	40+
Male					
1	12.5%	12.5%	12.5%	12.5%	12.5%
2	9.5	9.5	9.2	9.2	9.5
3	7.7	6.8	6.8	6.8	7.2
4	5.8	5.8	5.8	5.8	6.2
5	5.0	4.2	4.2	4.2	4.2
10	2.0	2.0	2.0	2.0	2.4
15	1.1	1.1	1.1	1.2	
20	0.6	0.6	0.6		
25	0.5	0.5			
Female					
1	10.0%	10.0%	10.0%	10.0%	10.0%
2	8.3	8.3	8.3	7.5	6.8
3	7.7	7.3	6.5	5.5	5.3
4	7.1	7.1	5.6	4.5	4.0
5	5.5	5.8	4.2	3.5	3.0
10	2.3	2.0	1.7	1.4	1.6
15	1.1	0.9	1.0	0.9	
20	0.6	0.7	0.9		
25	0.6	0.6			

Table 11 Promotional salary increases (assumption for salaries due to promotions and longevity, exclusive of the assumed general wage increase)

Duration	Sample Entry Ages (Unisex)					
	Under 25	25 - 29	30 - 34	35 - 39	40 - 44	45+
1	6.1%	5.8%	5.5%	5.4%	5.4%	4.0%
10	3.2	3.0	2.7	2.3	2.2	1.6
20	1.2	1.1	1.1	0.7	0.7	0.5
30	0.9	0.7	0.6	0.4		

SUMMARY OF CASH BALANCE BENEFIT PROGRAM PROVISIONS

(The following tables and summary were prepared by CalSTRS staff. All information is considered in the June 30, 2000, actuarial valuation)

Membership

Eligibility Requirement

Membership if employed at less than 50 percent of a full-time position for a California school district, community college district, or county office of education which has elected to offer the Cash Balance Benefit Program.

Participant

An eligible employee with creditable service subject to coverage who has contributions credited in the program or is receiving an annuity from the program.

Account Balance

Account Balance

Nominal accounts established for the purpose of determining benefits payable to the participant. Accounts are credited with contributions, minimum interest rate and additional earnings credits.

Contributions

Generally, participant contributions are 4 percent of salary and employer contributions are 4 percent of salary.

Rules for contribution rates may differ for participants covered by a collective bargaining agreement, but the sum of the participant and employer contributions must equal or exceed 8 percent of salary, and in no event can the employer contribution rate be less than 4 percent of salary.

The Teachers' Retirement Board may adjust employer contributions for a fixed number of years, but the adjustment shall not exceed 0.25 percent of salaries in any plan year.

Minimum Interest Rate

Annual rate determined for the plan year by the Teachers' Retirement Board in accordance with federal laws and regulations. The minimum interest rate is equal to the average of the yields on 30-year Treasuries for the twelve months ending in February preceding the beginning of the plan year, rounded to the next highest 0.25 percent.

Additional Earnings Credit

Annual rate determined for the plan year by the Teachers' Retirement Board based on the actual earnings during the plan year, but only to the extent the earnings are sufficient to credit the minimum interest rate and provide any additions to the gain and loss reserve deemed warranted by the board.

Normal Retirement

Eligibility Requirement

Age 60.

Benefit

The account balance at the retirement date subject to limits imposed under Internal Revenue Code Section 415.

Form of Payment

The normal form of payment is a lump sum distribution. Annuity options are available if the sum of the employer and employee accounts equal or exceed \$3,500.

Early Retirement

Eligibility Requirement

Age 55.

Benefit and Form

Same as Normal Retirement.

Late Retirement

Benefit and Form

Same as Normal Retirement.

Contributions and earnings continue to be credited to the account balances.

Deferred Retirement

Benefit

A participant may cease active service, leave the accumulated account balance on deposit, and later retire upon attaining the minimum age requirement.

Disability Benefit

Eligibility Requirement

Determination by the Teachers' Retirement Board that the participant has a total and permanent disability.

Benefit

The account balance at the date of disability. An annuity benefit is discontinued if the participant is re-employed before age 60, and performs service creditable under the program.

Form of Payment

Same as normal retirement.

Death Before Retirement

Eligibility Requirement

Deceased participant has an account balance.

Benefit

The account balance at the date of death payable to the designated beneficiary.

Form of Payment

Same as Normal Retirement.

Death After Retirement**Eligibility Requirement**

The deceased participant was receiving an annuity.

Benefit

According to the terms of the annuity elected by the participant.

Termination from the Program**Eligibility Requirement**

More than five years has elapsed since the most recent termination benefit, if any, has been paid.

Benefit

Lump-sum distribution of the account balance as of the date of distribution. The benefit is payable one year from the termination of creditable service.

CHANGES IN PROGRAM PROVISIONS

There have been no program amendments that would affect an actuarial valuation of CalSTRS since the last annual financial report was issued. All program provisions were considered in the completion of the June 30, 2000, actuarial valuation.

Table 12 Schedule of participant valuation data

Date (as of June 30)	Number	Annual Payroll	Annual Average Pay	% Increase In Average Pay
1997	495*	\$2,109,000	\$4,261	na
1998	3,505	\$18,832,000	\$5,375	26.1%
1999	6,412	\$50,426,000	\$7,864	46.3%
2000	7,966	\$70,605,000	\$8,863	12.7%

*Active participants with account balances

Table 13 Schedule of retired participants and beneficiaries added to and removed from rolls

Date (as of June 30)	Added to Rolls		Removed from Rolls		Rolls-End of Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
1997	0	\$0	0	\$0	0	\$0	na	na
1998	0	0	0	0	0	0	na	na
1999	0	0	0	0	0	0	na	na
2000	0	0	0	0	0	0	na	na

Table 14 Solvency test

Valuation Date (as of June 30)	Aggregate Accrued Liabilities For			Actuarial Value of Assets	Funding of Liabilities		
	(1)	(2)	(3)		(1)	(2)	(3)
	Active Member Contributions On Deposit	Future Benefits to Benefit Recipients	Service Already Rendered by Active Members				
1997	\$164,078	\$0	\$0	\$(393,000)	-240.0%	na	na
1998	\$1,727,705	\$0	\$0	\$2,083,000	120.6%	na	na
1999	\$5,000,613	\$0	\$0	\$5,224,000	104.4%	na	na
2000	\$10,350,720	\$0	\$0	\$10,868,000	104.9%	na	na

Table 15 Analysis of financial experience

	Actuarial Valuation as of June 30	
	2000	1999
Actuarial Accrued Liability	\$10,350,720	\$5,000,613
Actuarial Value of Assets	\$10,868,000	\$5,224,000
Unfunded Actuarial Accrued Liability (UAAL)	(\$517,280)	(\$223,387)
Funded Ratio	105%	104%

DEFINED BENEFIT PROGRAM

Note: Supplemental statistical tables are available upon request to the Public Service Office at 1-800-228-5453.

Table 1 Schedule of revenues by source (millions)

Fiscal Year Ended June 30	Member Contributions	Employer Contributions	Percentage of Annual Covered Payroll	Investment Income	State of California (1)	Other Income	Total (2)
2001	\$1,843.5	\$1,884.0	8.25%	(\$10,232.0)	\$946.2	\$0.40	(\$5,558.0)
2000	1,532.4	1,590.8	8.25	12,690.6	939.2	0.2	16,753.2
1999 ⁽³⁾	1,424.1	1,475.7	8.25	11,797.8	350.1	1.3 ⁽⁴⁾	15,049.0
1998	1,302.8	1,371.4	8.25	12,949.5	1,004.6	0.7	16,629.0
1997	1,195.8	1,250.0	8.25	11,018.8	872.4	0.7	14,337.7
1996	1,089.0	1,140.8	8.25	7,463.7	754.8	0.1	10,448.4
1995	1,027.4	1,070.1	8.25	8,066.9	733.1	1.8	10,899.3

(1) Includes Elder Full Funding, SBMA contributions and school lands revenue.

(2) GASB 25, which required reporting of investments at fair value, was adopted in 1995. Investments are stated at cost for 1994 and prior years.

(3) Includes member/participant contributions and investment income received during 1/1/99 to 6/30/99 for Cash Balance Benefit Program.

(4) Equity transfer from CB Plan recorded at fund closure \$1,285,093.

Table 2 Expenses by type (millions)

Fiscal Year Ended June 30	Benefit Payments	Administrative Expenses	Refunds	Misc. (1)	Total
2001	\$3,954.0	\$54.5	\$77.5	0.0	\$4,086.0
2000	3,625.7	50.5	80.0	0.0	3,756.2
1999 ⁽²⁾	3,343.1	45.0	74.6	0.0	3,462.7
1998	3,103.2	36.3	69.0	0.0	3,208.5
1997	2,912.3	37.1	65.9	0.0	3,015.3
1996	2,749.7	36.2	69.2	0.0	2,855.1
1995	2,567.7	34.0	66.8	0.0	2,668.5
1994	2,389.9	31.0	61.4	0.9	2,483.2

(1) Payments made by the system to a district maintaining a local retirement system equal to the pension (public) portion of allowance paid the local system during the previous year.

(2) Includes administrative expenses paid from 1/1/99 to 6/30/99 for Cash Balance Benefit Program. These were adjusted in the subsequent year.

Table 3 Schedule of benefit expenses by type (millions)

Fiscal Year Ended June 30	Age & Service Benefits			Disability Benefits		Refunds		Total
	Retired Members	Survivors	Death in Service Benefits (1)	Retired Members	Survivors (2)	Death	Separation	
2001	\$3,785.3	\$36.7	\$21.0	\$88.4	\$1.0	\$21.6	\$77.0	\$4,031.0
2000	3,459.6	33.7	26.8	79.0	1.1	26.4	80.0	3,706.6
1999	3,180.5	31.8	32.8	73.2	1.2	23.6	74.6	3,417.7
1998	2,953.7	30.3	29.6	66.5	1.0	22.1	69.0	3,172.2
1997	2,770.0	28.9	32.2	59.4	0.8	21.3	65.9	2,978.5
1996	2,616.4	26.2	31.4	53.0	0.6	22.1	69.2	2,818.9
1995	2,449.6	24.1	27.0	45.9	0.4	20.4	66.6	2,634.0
1994	2,283.9	23.0	24.2	39.7	0.2	19.8	61.4	2,452.2
1993	2,096.2	21.3	13.0	34.1	0.1	16.8	68.3	2,249.8
1992	1,732.2	19.8	13.5	30.7	0.0	13.5	56.6	1,866.3
1991	1,537.8	18.1	10.7	29.4	0.0	11.8	51.7	1,659.5
1990	1,412.0	17.6	11.8	27.7	0.0	13.6	50.4	1,533.1
1989	1,292.3	16.5	10.2	24.7	0.0	11.3	45.5	1,400.5

(1) Lump-sum death benefit payment was increased from \$2,000 to \$5,000 and implemented in the 1993–94 fiscal year

(2) Amounts paid for disability benefits to survivors was included with amounts paid to members retired for disability until October 16, 1992, when CalSTRS' law changed disability qualifications and how benefits were paid. After that date, new benefits to survivors were recorded and tracked as a separate benefit type.

Table 4 Members retired for service during fiscal year 2000–01 classified by unmodified allowance (Does not include formerly disabled members)

Monthly Unmodified Allowance	Count	Average Age at Retirement	Average Service Credit	Average Final Compensation	Average Allowance Payable
Less than \$500	408	61.2	6.942	\$2,829	\$330
500–1000	581	60.1	11.402	3,749	711
1000–1500	623	60.2	16.285	4,284	1,200
1500–2000	665	60.4	19.866	4,734	1,680
2000–2500	595	60.2	24.231	4,990	2,200
2500–3000	699	59.8	27.772	5,218	2,737
3000–3500	792	60.1	30.599	5,331	3,301
3500–4000	913	60.7	32.376	5,545	3,806
4000–4500	984	61.4	33.988	5,697	4,302
4500–5000	865	62.4	35.392	5,834	4,777
More than \$5000	1,576	63.2	37.976	6,670	5,806
Totals	8,701	61.2*	28.082*	\$5,312*	\$3,361*

* Overall averages

Table 5 Members retired for service during fiscal year 2000-01 classified by age and joint and survivor annuity option elected *
(Does not include formerly disabled members)

Age	Total	Unmod.	Options						
			2	3	4	5	6	7	8
Under 55	30	18	3	0	1	0	4	4	0
55	311	179	19	7	1	3	52	50	0
56	605	342	38	18	2	2	102	98	3
57	466	255	32	7	6	3	74	84	5
58	580	286	39	12	2	2	115	121	3
59	752	376	49	21	7	4	151	140	4
60	958	443	76	24	2	3	229	177	4
61	1,035	482	65	39	7	4	265	162	11
62	1,055	466	76	24	4	4	261	210	10
63	728	345	48	25	5	2	153	138	12
64	517	270	33	13	5	3	106	85	2
65	405	209	25	18	7	0	76	63	7
66	350	178	25	6	8	3	68	60	2
67	205	106	16	4	1	0	42	30	6
68	142	88	13	3	2	0	19	16	1
69	145	76	13	4	1	2	26	18	5
70	113	64	6	4	2	0	19	16	2
71	118	71	10	7	3	1	15	8	3
72	53	33	7	2	0	2	4	4	1
73	31	18	1	3	0	0	5	3	1
74	21	11	2	0	0	0	3	4	1
75	23	12	4	1	0	0	5	1	0
Over 75	58	29	5	2	1	2	9	6	4
Age Unknown	0	0	0	0	0	0	0	0	0
Total	8,701	4,357	605	244	67	40	1,803	1,498	87

* See Plan Summary for description of Joint and Survivor Annuities

Table 6 Characteristics of members going on disability Note—Some data are updated in the following year to include late approvals of disability applications

Fiscal Year Ended June 30	Count	Disability Allowance Payable	Service Credit	Final Compensation	Age at Disability
1992	298	\$1,856	17.759	\$3,428	49.9
1993	388	1,809	16.014	3,300	50.3
1994	468	1,824	15.977	3,676	51.4
1995	469	1,851	15.914	3,656	51.3
1996	496	1,859	15.952	3,641	51.9
1997	464	1,923	15.660	3,883	52.0
1998	451	1,989	14.446	3,906	52.3
1999	414	2,114	15.630	4,027	52.2
2000	454	2,124	15.224	4,190	52.6
2001	486	2,270	15.802	4,476	53.9

Table 7 Number of benefit recipients by type of benefit

Fiscal Year Ended June 30	Service Retirement	Disability Benefits	Benefits for Survivors	Total Benefit Recipients
1992	118,963	4,914	8,634	132,511
1993	122,762	4,879	9,346	136,987
1994	126,476	5,126	10,271	141,873
1995	130,576	5,331	10,898	146,805
1996	133,764	5,540	11,501	150,805
1997	135,809	5,676	12,154	153,639
1998	139,193	5,758	12,796	157,747
1999	142,309	5,822	13,326	161,457
2000	145,415	5,885	13,982	165,282
2001	149,727	6,477	14,768	170,972

Table 8 Members retired for service characteristics by year of retirement (Does not include formerly disabled members)

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Monthly Benefit	Average Final Compensation	Average Age At Retirement
7/1/91 thru 6/30/92	6,913	26.6	\$2,050	\$3,862	61.4
7/1/92 thru 6/30/93	7,780	26.8	2,153	3,960	61.3
7/1/93 thru 6/30/94	7,152	27.0	2,187	4,043	60.9
7/1/94 thru 6/30/95	7,140	26.5	1,984	4,030	61.1
7/1/95 thru 6/30/96	6,985	26.6	2,171	4,110	61.3
7/1/96 thru 6/30/97					
0 – 5	50	2.4	\$ 292	—	—
5 – 10	419	7.3	398	—	—
10 – 15	480	12.4	769	—	—
15 – 20	526	17.6	1,245	—	—
20 – 25	790	22.6	1,724	—	—
25 – 30	1,066	27.6	2,251	—	—
30 – 35	1,447	32.5	2,722	—	—
35 – 40	1,026	37.2	3,443	—	—
40 & over	207	42.0	4,080	—	—
Total	6,011	26.6	\$2,210	\$4,206	60.9

Table 8 continued: Members retired for service characteristics by year of retirement (Does not include formerly disabled members)

Effective Date of Retirement by Service Credit	Number of Retirements	Average Service Credit	Average Monthly Benefit	Average Final Compensation	Average Age At Retirement
7/1/97 thru 6/30/98					
0 – 5	73	2.5	\$ 298	—	—
5 – 10	530	7.4	414	—	—
10 – 15	572	12.6	834	—	—
15 – 20	581	17.7	1,280	—	—
20 – 25	884	22.6	1,811	—	—
25 – 30	1,356	27.7	2,331	—	—
30 – 35	1,799	32.5	2,817	—	—
35 – 40	1,259	37.2	3,548	—	—
40 & over	278	42.0	4,251	—	—
Total	7,332	26.8	\$2,310	\$4,345	60.8
7/1/98 thru 6/30/99					
0 – 5	72	2.8	\$ 355	—	—
5 – 10	459	7.6	491	—	—
10 – 15	611	12.6	959	—	—
15 – 20	644	17.5	1,394	—	—
20 – 25	806	22.6	1,999	—	—
25 – 30	1,081	27.6	2,574	—	—
30 – 35	1,852	32.5	3,237	—	—
35 – 40	1,312	37.2	4,093	—	—
40 & over	411	42.6	5,147	—	—
Total	7,248	27.2	\$2,706	\$4,541	61.2
7/1/99 thru 6/30/2000					
0 – 5	92	2.2	\$ 279	—	—
5 – 10	519	7.6	504	—	—
10 – 15	658	12.5	994	—	—
15 – 20	694	17.6	1,512	—	—
20 – 25	900	22.5	2,099	—	—
25 – 30	960	27.4	2,733	—	—
30 – 35	1,968	32.5	3,487	—	—
35 – 40	1,382	37.1	4,495	—	—
40 & over	383	42.3	5,532	—	—
Total	7,556	26.8	\$2,872	\$4,688	61.3
7/1/00 thru 6/30/2001					
0 – 5	86	2.3	\$ 226	—	—
5 – 10	505	7.3	513	—	—
10 – 15	661	12.6	1,066	—	—
15 – 20	707	17.4	1,594	—	—
20 – 25	821	22.4	2,162	—	—
25 – 30	988	27.3	3,073	—	—
30 – 35	2,446	32.6	3,911	—	—
35 – 40	2,041	37.2	4,963	—	—
40 & over	446	42.1	6,121	—	—
Total	8,701	28.1	\$3,373	\$5,312	61.2

DEFINED BENEFIT PROGRAM

PARTICIPATING EMPLOYERS

Alameda County

K-12
 County Superintendent
 Alameda Unified
 Albany Unified
 Berkeley Unified
 Castro Valley Unified
 Dublin Unified
 Emery Unified
 Fremont Unified
 Hayward Unified
 Livermore Valley Joint Unified
 New Haven Unified
 Newark Unified
 Oakland Unified
 Piedmont City Unified
 Pleasanton Unified
 San Leandro Unified
 San Lorenzo Unified
 Sunol Glen Unified

Community Colleges

Chabot Las Positas
 Peralta Community

Alpine County

K-12
 County Superintendent
 Alpine County Unified

Amador County

K-12
 County Superintendent
 Amador County Unified

Butte County

K-12
 County Superintendent
 Bangor Union Elementary
 Biggs Unified
 Chico Unified
 Durham Unified
 Feather Falls Union
 Golden Feather Union
 Gridley Unified
 Manzanita Elementary
 Oroville City Elementary
 Oroville Union High
 Palermo Union
 Paradise Unified
 Pioneer Union Elementary
 Thermalito Union

Community Colleges

Butte

Calaveras County

K-12
 County Superintendent
 Bret Harte Union High
 Calaveras Unified
 Mark Twain Union Elementary
 Vallecito Union Elementary

Colusa County

K-12
 County Superintendent
 Colusa Unified
 Maxwell Unified
 Pierce Joint Unified
 Williams Unified

Contra Costa County

K-12
 County Superintendent
 Acalanes Union High
 Antioch Unified
 Brentwood Union
 Byron Union Elementary
 Canyon Elementary
 John Swett Unified
 Knightsen Elementary
 Lafayette Elementary
 Liberty Union High
 Martinez Unified
 Moraga Elementary
 Mt. Diablo Unified
 Oakley Union Elementary
 Orinda Union Elementary
 Pittsburg Unified
 San Ramon Valley Unified
 Walnut Creek Elementary
 West Contra Costa Unified

Community Colleges

Contra Costa

Del Norte County

K-12
 Del Norte County Unified

El Dorado County

K-12
 County Superintendent
 Black Oak Mine Unified
 Buckeye Union Elementary
 Camino Union Elementary
 El Dorado Union High
 Gold Oak Union
 Gold Trail Union
 Indian Diggings Elementary
 Lake Tahoe Unified
 Latrobe
 Mother Lode Union Elementary
 Pioneer Union Elementary

Placerville Union Elementary
 Pollock Pines Elementary
 Regional Occupational Program
 Rescue Union Elementary
 Silver Fork Elementary

Community Colleges

Lake Tahoe

Fresno County

K-12
 County Superintendent
 Alvina Elementary
 American Union Elementary
 Big Creek Elementary
 Burrel Union Elementary
 Caruthers Unified
 Central Unified
 Central Valley Preschool
 Clay Joint Elementary
 Clovis Unified
 Coalinga/Huron Joint Unified
 Dry Spring Charter
 Firebaugh-Las Deltas Unified
 Fowler Unified
 Fresno Unified
 Golden Plains Unified
 Kerman Unified
 Kings Canyon Joint Unified
 Kingsburg Joint Union Elementary/
 Kingsburg Elementary Community
 Charter High
 Laton Joint Unified
 Mendota Unified
 Monroe Elementary
 Orange Center
 Pacific Union Elementary
 Parlier Unified
 Pine Ridge Elementary
 Raisin City Elementary
 Riverdale Joint Unified
 Sanger Unified
 Selma Unified
 Sierra Unified
 Valley ROP
 Washington Colony Elementary
 Washington Union High
 West Fresno Elementary
 West Park Elementary
 Westside Elementary

Community Colleges

State Center
 West Hills

Glenn County

K-12
 County Superintendent
 Capay Joint Union Elementary
 Hamilton Union Elementary
 Hamilton Union High
 Lake Elementary

Orland Joint Unified
Orland Joint Union High
Plaza Elementary
Princeton Joint Unified
Stony Creek Joint Unified
Willows Unified

Humboldt County

K-12

County Superintendent
Arcata Elementary
Big Lagoon Union Elementary
Blue Lake Union Elementary
Bridgeville Elementary
Cuddeback Union Elementary
Cutten Elementary
Eureka City Schools
Ferndale Unified
Fieldbrook Elementary
Fortuna Union Elementary
Fortuna Union High
Freshwater Elementary
Garfield Elementary
Green Point Elementary
Hydesville Elementary
Jacoby Creek Elementary
Klamath-Trinity Joint Unified
Kneeland Elementary
Loleta Union Elementary
Maple Creek Elementary
Mattole Unified
McKinleyville Union Elementary
Northern Humboldt Union High
Orick Elementary
Pacific Union Elementary
Peninsula Union Elementary
Rio Dell Elementary
Rohnerville Elementary
Scotia Union Elementary
South Bay Union Elementary
Southern Humboldt Joint Unified
Trinidad Union Elementary

Community Colleges

Redwoods

Imperial County

K-12

County Superintendent
Brawley Elementary
Brawley Union High
Calexico Unified
Calipatria Unified
Central Union High
El Centro Elementary
Heber Elementary
Holtville Unified
Imperial Unified
Magnolia Union Elementary
McCabe Union Elementary
Meadows Union Elementary
Mulberry Elementary

San Pasqual Valley Unified
Seeley Union Elementary
Westmorland Union Elementary

Community Colleges

Imperial

Inyo County

K-12

County Superintendent
Big Pine Unified
Bishop Joint Union High
Bishop Union Elementary
Death Valley Unified
Lone Pine Unified
Owens Valley Unified
Round Valley Joint Elementary

Kern County

K-12

County Superintendent
Arvin Union Elementary
Bakersfield City
Beardsley Elementary
Belridge Elementary
Blake Elementary
Buttonwillow Union Elementary
Caliente Union Elementary
Co. School Service Fund
Delano Joint Union High
Delano Union Elementary
Di Giorgio Elementary
Edison Elementary
El Tejon Unified
Elk Hills Elementary
Fairfax Elementary
Fruitvale Elementary
General Shafter Elementary
Greenfield Union
Kern Union High
Kernville Union Elementary
Lakeside Union Elementary
Lamont Elementary
Linns Valley-Poso Flat Union
Elementary
Lost Hills Union Elementary
Maple Elementary
Maricopa Unified
McFarland Unified
McKittrick Elementary
Midway Elementary
Mojave Unified
Muroc Joint Unified
Norris
North Kern Voc. Training Ctr
Panama-Buena Vista Union
Pond Union Elementary
Richland-Lerdo Elementary
Rio Bravo-Greeley Union Elementary
Rosedale Union Elementary
Semitropic Elementary

Sierra Sands Unified
South Fork Union
Southern Kern Unified
Standard Elementary
Taft City Elementary
Taft Union High
Tehachapi Unified
Vineland Elementary
Wasco Union Elementary
Wasco Union High
Westside ROP

Community Colleges

Bakersfield-Delano Center
Cerro Coso
Kern
Porterville
Westkern

Kings County

K-12

County Superintendent
Armona Union Elementary
Central Union Elementary
Corcoran Joint Unified
Delta View Joint Union Elementary
Hanford Elementary
Hanford Joint Union High
Island Union Elementary
Kings River-Hardwick Union
Elementary
Kit Carson Union Elementary
Lakeside Union Elementary
Lemoore Union Elementary
Lemoore Union High
Pioneer Union Elementary
Reef-Sunset Unified

Lake County

K-12

County Superintendent
Kelseyville Unified
Konocti Unified
Lakeport Unified
Lucerne Elementary
Middletown Unified
Upper Lake Union Elementary
Upper Lake Union High

Lassen County

K-12

County Superintendent
 Big Valley Joint Unified
 Fort Sage Unified
 Janesville Union Elementary
 Johnstonville Elementary
 Lassen Union High
 Ravendale-Termo Elementary
 Richmond Elementary
 Shaffer Union
 Susanville
 Westwood Unified

Community Colleges

Lassen

Los Angeles County

K-12

Los Angeles County Office of
 Education
 ABC Unified
 Accelerated School
 Acton-Agua Dulce Unified
 Alhambra City Elementary
 Alhambra City High
 Alliance of Schools for Cooperative
 Insurance
 Antelope Valley Schools Transp.
 Agency
 Antelope Valley Union High
 Arcadia Unified
 Arumo Leadership
 Azusa Unified
 Baldwin Park Unified
 Bassett Unified
 Bellflower Unified
 Beverly Hills Unified
 Bonita Unified
 Burbank Unified
 California Academy for Liberal Studies
 Camino Nuevo Charter
 Castaic Union
 Centinela Valley Union High
 Charter Oak Unified
 Claremont Unified
 Community Middle Charter
 Compton Unified
 Covina-Valley Unified
 Culver City Unified
 Downey Unified
 Duarte Unified
 East San Gabriel ROP
 East Whittier City Elementary
 Eastside Union
 El Monte City
 El Monte Union High
 El Rancho Unified
 El Segundo Unified
 Environmental Charter
 Fenton
 Garvey Elementary

Glendale Unified
 Glendora Unified
 Gorman Elementary
 Hacienda La Puente Unified
 Hawthorne
 Hermosa Beach City Elementary
 Hughes-Elizabeth Lakes Union
 Elementary
 Inglewood Unified
 Keppel Union Elementary
 La Canada Unified
 La Puente Valley ROP
 Lancaster Elementary
 Larisa
 Las Virgenes Unified
 Lawndale Elementary
 Lennox Elementary
 Little Lake City Elementary
 Long Beach Sch. Bus. Mgmt. Authority
 Long Beach Unified
 Los Angeles Unified
 Los Nietos Elementary
 Lowell Joint Elementary
 Lynwood Unified
 Manhattan Beach Unified
 Monrovia Unified
 Montague Charter
 Montebello Unified
 Mountain View Elementary
 Multicultural Learning Ctr.
 New City School
 Newhall Elementary
 Norwalk-La Mirada Unified
 Palmdale Elementary
 Palos Verdes Peninsula Unified
 Paramount Unified
 Pasadena Unified
 Pomona Unified
 Pupil Transp. Cooperation
 Redondo Beach Unified
 Rosemead Elementary
 Rowland Unified
 San Gabriel Unified
 San Marino Unified
 Santa Monica-Malibu Unified
 Saugus Union Elementary
 Soledad-Agua Dulce Unified
 Soledad Enrichment Ctr.
 Southeast ROP
 South Pasadena Unified
 South Whittier Elementary
 Southern California ROP
 Sulphur Springs Union Elementary
 Temple City Unified
 Torrance Unified
 Tri-Cities ROP
 Valle Lindo Elementary
 Valley Community Charter
 View Park Prep. Accelerated Charter
 Walnut Valley Unified
 Watts Learning Ctr.
 West Covina Unified
 Westside Union Elementary

Whittier City
 Whittier Union High
 William S. Hart Union High
 Wilsona
 Wiseburn Elementary

Community Colleges

Antelope Valley
 Cerritos
 Citrus
 Compton
 El Camino
 Glendale
 Long Beach
 Los Angeles
 Mt San Antonio
 Pasadena Area
 Rio Hondo
 Santa Clarita
 Santa Monica

Madera County

K-12

County Superintendent
 Alview-Dairyland Union Elementary
 Bass Lake Joint Union Elementary
 Chawanakee Elementary
 Chowchilla Elementary
 Chowchilla Union High
 Coarsegold Union
 Madera Unified
 Minarets Joint Union High
 Raymond-Knowles Union Elementary
 Yosemite Union High

Marin County

K-12

County Superintendent
 Bolinas-Stinson Union Elementary
 Dixie Elementary
 Kentfield Elementary
 Laguna Joint Elementary
 Lagunitas Elementary
 Larkspur Elementary
 Lincoln Elementary
 Mill Valley Elementary
 Nicasio Elementary
 Novato Unified
 Reed Union Elementary
 Ross Elementary
 Ross Valley
 San Rafael City Elementary
 San Rafael City High
 Sausalito Elementary
 Shoreline Unified
 Tamalpais Union High
 Union Joint Elementary

Community Colleges

College of Marin

Mariposa County**K-12**

County Office of Education
 Charter Academy of the Redwoods
 Mariposa County Unified
 Tree of Life Charter

Mendocino County**K-12**

County Superintendent
 Anderson Valley Unified
 Arena Union Elementary
 Fort Bragg Unified
 Laytonville Unified
 Leggett Valley Unified
 Manchester Union Elementary
 Mendocino Unified
 Point Arena Joint Union High
 Potter Valley Community Unified
 Round Valley Unified
 Ukiah Unified
 Willits Unified

Community Colleges

Mendocino Lake

Merced County**K-12**

County Superintendent
 Atwater Elementary
 Ballico-Cressey Elementary
 Delhi Unified
 Dos Palos-Oro Loma Joint Unified
 El Nido Elementary
 Gustine Unified
 Hilmar Unified
 Le Grand Union Elementary
 Le Grand Union High
 Livingston Union
 Los Banos Unified
 McSwain Union Elementary
 Merced City Elementary
 Merced River Union Elementary
 Merced Union High
 Plainsburg Union Elementary
 Planada Elementary
 Snelling-Merced Falls Union
 Elementary
 Weaver Union
 Winton Elementary

Community Colleges

Merced

Modoc County**K-12**

County Superintendent
 Modoc Joint Unified
 Surprise Valley Joint Unified
 Tulelake Basin Joint Unified

Mono County**K-12**

Mono County Office of Education
 Eastern Sierra Unified
 Mammoth Unified

Monterey County**K-12**

County Superintendent
 Alisal Union Elementary
 Bradley Union Elementary
 Carmel Unified
 Chualar Union Elementary
 Gonzales Unified
 Graves Elementary
 Greenfield Union Elementary
 King City Joint Union High
 King City Union Elementary
 Lagunita Elementary
 Mission Union Elementary
 Monterey Peninsula Unified
 North Monterey County Unified
 Pacific Grove Unified
 Pacific Unified
 Salinas City Elementary
 Salinas Union High
 San Antonio Union Elementary
 San Ardo Union Elementary
 San Lucas Union Elementary
 Santa Rita Union Elementary
 Soledad Unified
 Special Education
 Spreckels Union
 Washington Union Elementary

Community Colleges

Hartnell
 Monterey Peninsula

Napa County**K-12**

County Superintendent
 Calistoga Joint Unified
 Howell Mountain Elementary
 Napa Valley Unified
 Pope Valley Union
 St. Helena Unified

Community Colleges

Napa Valley

Nevada County**K-12**

County Superintendent
 Chicago Park Elementary
 Clear Creek Elementary
 Grass Valley Elementary
 Nevada City
 Nevada Joint Union
 Pleasant Ridge Union Elementary

Pleasant Valley Elementary
 Ready Springs Union
 Twin Ridges Elementary
 Union Hill Elementary

Orange County**K-12**

County Superintendent
 Anaheim City
 Anaheim Union High
 Brea-Olinda Unified
 Buena Park Elementary
 Capistrano-Laguna Beach ROP
 Capistrano Unified
 Centralia Elementary
 Cypress Elementary
 El Sol Santa Ana Science & Arts
 Charter
 Fountain Valley Elementary
 Fullerton Elementary
 Fullerton Joint Union High
 Garden Grove Unified
 Huntington Beach City Elementary
 Huntington Beach Union High
 Irvine Unified
 La Habra City Elementary
 Laguna Beach Unified
 Los Alamitos Unified
 Magnolia Elementary
 Newport-Mesa Unified
 North Orange County ROP
 Ocean View Elementary
 Orange County High School for
 the Arts
 Orange Unified
 Placentia-Yorba Linda Unified
 Saddleback Valley Unified
 Santa Ana Unified
 Savanna Elementary
 Tustin Unified
 Westminster Elementary

Community Colleges

Coast
 North Orange County
 Rancho Santiago
 South Orange

Placer County**K-12**

County Superintendent
 Ackerman Elementary
 Alta-Dutch Flat Union Elementary
 Auburn Union Elementary
 Colfax Elementary
 Dry Creek Joint Elementary
 Emigrant Gap Elementary
 Eureka Union Elementary
 Foresthill Union Elementary
 Horizon
 Loomis Union Elementary
 Newcastle Elementary

Ophir Elementary
 Penryn Elementary
 Placer Hills Union Elementary
 Placer Union High
 Prosser Creek
 Rocklin Academy
 Rocklin Unified
 Roseville City Elementary
 Roseville Joint Union High
 Tahoe-Truckee Unified
 Western Placer Unified

Community Colleges
 Sierra Joint

Plumas County

K-12
 County Superintendent
 Plumas Charter
 Plumas Unified

Community Colleges
 Feather River

Riverside County

K-12
 County Superintendent
 Alvord Unified
 Banning Unified
 Beaumont Unified
 Coachella Valley Unified
 Corona-Norco Unified
 Desert Center Unified
 Desert Sands Unified
 Hemet Unified
 Jurupa Unified
 Lake Elsinore Unified
 Menifee Union Elementary
 Moreno Valley Unified
 Murrieta Valley Unified
 Nuvview Union
 Palm Springs Unified
 Palo Verde Unified
 Perris Elementary
 Perris Union High
 Riverside Unified
 Romoland Elementary
 San Jacinto Unified
 Temecula Valley Unified
 Val Verde Unified

Community Colleges
 Desert
 Mt San Jacinto
 Palo Verde
 Riverside

Sacramento County

K-12
 County Superintendent
 Arcohe Union Elementary
 Center Unified
 Del Paso Heights Elementary
 Elk Grove Unified
 Elverta Joint Elementary
 Folsom-Cordova Unified
 Galt Joint Union Elementary
 Galt Joint Union High
 Grant Joint Union High
 Natomas Unified
 North Sacramento Elementary
 Rio Linda Union Elementary
 River Delta Unified
 Robla Elementary
 Sacramento City Unified
 San Juan Unified

Community Colleges
 Los Rios

San Benito County

K-12
 County Superintendent
 Aromas/San Juan Unified
 Bitterwater-Tully Union Elementary
 Cienega Union Elementary
 Hollister Elementary
 Jefferson Elementary
 North County Joint Union Elementary
 Panoche Elementary
 San Benito High
 Southside
 Tres Pinos Union Elementary
 Willow Grove Union

San Bernardino County

K-12
 County Office of San Bernardino
 Adelanto Elementary
 Alta Loma Elementary
 Apple Valley Unified
 Baker Valley Unified
 Baldy View ROP
 Barstow Unified
 Bear Valley Unified
 Central Elementary
 Chaffey Joint Union High
 Chino Valley Unified
 Colton Joint Unified
 Colton Redlands Yucaipa ROP
 Cucamonga Elementary
 Etiwanda Elementary
 Fontana Unified
 Helendale
 Hesperia Unified
 Lucerne Valley Unified
 Morongo Unified
 Mountain View Elementary

Mt. Baldy Joint Elementary
 Needles Unified
 Ontario-Montclair
 Oro Grande Elementary
 Redlands Unified
 Rialto Unified
 Rim Of The World Unified
 San Bernardino City Unified
 Silver Valley Unified
 Snowline Joint Unified
 Trona Joint Unified
 Upland Unified
 Victor Elementary
 Victor Valley Union High
 Yucaipa Joint Unified

Community Colleges

Barstow
 Chaffey
 San Bernardino
 Victor Valley

San Diego County

K-12
 County Superintendent
 Alpine Union
 Bonsall Union Elementary
 Borrego Springs Unified
 Cajon Valley Union Elementary
 Cardiff Elementary
 Carlsbad Unified
 Chula Vista Elementary
 Coronado Unified
 Dehesa
 Del Mar Union
 Encinitas Union Elementary
 Escondido Union Elementary
 Escondido Union High
 Fallbrook Union Elementary
 Fallbrook Union High
 Grossmont Union High
 Jamul-Dulzura Union Elementary
 Julian Union Elementary
 Julian Union High
 La Mesa-Spring Valley
 Lakeside Union Elementary
 Lemon Grove Elementary
 Mountain Empire Unified
 National
 Oceanside Unified
 Pauma Elementary
 Poway Unified
 Ramona Unified
 Rancho Santa Fe Elementary
 San Diego City Unified
 San Dieguito Union High
 San Marcos Unified
 San Pasqual Union
 San Ysidro Elementary
 Santee Elementary
 Solana Beach Elementary
 South Bay Union Elementary

Spencer Valley Elementary
Sweetwater Union High
Vallecitos
Valley Center Union Elementary
Vista Unified
Warner Unified

Community Colleges

Grossmont Cuyamaca
Miracosta
Palomar
San Diego
Southwestern

San Francisco County

K-12

San Francisco County Office
of Education
San Francisco Unified

Community Colleges

City College of San Francisco

San Joaquin County

K-12

County Superintendent
Banta Elementary
Escalon Unified
Holt Union Elementary
Jefferson Elementary
Lammersville Elementary
Lincoln Unified
Linden Unified
Lodi Unified
Manteca Unified
New Hope Elementary
New Jerusalem Elementary
Oak View Union Elementary
Ripon Unified
Stockton Unified
Tracy Joint Unified

Community Colleges

San Joaquin Delta

San Luis Obispo County

K-12

County Superintendent
Atascadero Unified
Cayucos Elementary
Cambria Union Elementary
Coast Unified
Lucia Mar Unified
Paso Robles Joint Unified
Phillips Elementary
Pleasant Valley Joint Union Elementary
San Luis Coastal Unified
San Miguel Joint Union Elementary
Shandon Joint Unified
Templeton Unified

Community Colleges

San Luis Obispo County

San Mateo County

K-12

County Superintendent
Aspire (East Palo Alto Charter)
Aurora High School Charter
Bayshore Elementary
Belmont Redwood Shores Elementary
Brisbane Elementary
Burlingame Elementary
Cabrillo Unified
Charter Learning Ctr.
County Service
Garfield Charter
Hillsborough City
Jefferson Elementary
Jefferson Union High
La Honda-Pescadero Unified
Laguna Salada Union Elementary
Las Lomitas Elementary
Menlo Park City Elementary
Millbrae Elementary
Portola Valley Elementary
Ravenswood City Elementary
Redwood City Elementary
San Bruno Park Elementary
San Carlos Elementary
San Mateo-Foster City
San Mateo Union High
Sequoia Union High
South San Francisco Unified
Woodside Elementary

Community Colleges

San Mateo

Santa Barbara County

K-12

County Superintendent
Ballard
Blochman Union Elementary
Buellton Union Elementary
Carpinteria Unified
Casmalia Elementary
Cold Spring Elementary
College Elementary
Cuyama Joint Unified
Goleta Union Elementary
Guadalupe Union Elementary
Hope Elementary
Lompoc Unified
Los Alamos Elementary
Los Olivos Elementary
Montecito Union Elementary
Orcutt Union Elementary
Santa Barbara Elementary
Santa Barbara High
Santa Maria-Bonita
Santa Maria Joint Union High

Santa Ynez Valley Union High
Selpa
Solvang Elementary
Vista Del Mar Union Elementary

Community Colleges

Allan Hancock Joint
Santa Barbara

Santa Clara County

K-12

County Superintendent
Alum Rock Union Elementary
Berryessa Union Elementary
Cambrian Elementary
Campbell Union Elementary
Campbell Union High
Cupertino Union
East Side Union High
Evergreen Elementary
Franklin-Mckinley Elementary
Fremont Union High
Gilroy Unified
Lakeside Joint
Loma Prieta Joint Union Elementary
Los Altos Elementary
Los Gatos Union Elementary
Los Gatos-Saratoga Joint Union High
Luther Burbank
Milpitas Unified
Montebello Elementary
Moreland Elementary
Morgan Hill Unified
Mountain View Elementary
Mountain View-Los Altos Union High
Mt. Pleasant Elementary
Oak Grove Elementary
Orchard
Palo Alto Unified
San Jose Unified
Santa Clara Unified
Saratoga Union Elementary
Sunnyvale Elementary
Union Elementary
Whisman Elementary

Community Colleges

Central Co. Regional
Foothill Deanza
Gavilan Joint
San Jose Evergreen
West Valley Mission

Santa Cruz County

K-12

County Superintendent
Bonny Doon Union Elementary
Happy Valley Elementary
Live Oak Elementary
Mountain Elementary
Pacific Elementary

Pajaro Valley Unified
 San Lorenzo Valley Unified
 Santa Cruz City Elementary
 Santa Cruz City High
 Scotts Valley Unified
 Soquel Union Elementary

Community Colleges

Cabrillo

Shasta County

K-12

County Superintendent
 Anderson Union High
 Bella Vista Elementary
 Black Butte Union Elementary
 Cascade Union Elementary
 Castle Rock Union Elementary
 Columbia Elementary
 Cottonwood Union Elementary
 Enterprise Elementary
 Fall River Joint Unified
 French-Gulch Whiskeytown
 Elementary
 Gateway Unified
 Grant Elementary
 Happy Valley Union Elementary
 Igo, Ono, Platina Union Elementary
 Indian Springs Elementary
 Junction Elementary
 Millville Elementary
 Mountain Union Elementary
 North Cow Creek Elementary
 Oak Run Elementary
 Pacheco Union Elementary
 Redding Elementary
 Shasta Trinity ROP
 Shasta Union Elementary
 Shasta Union High
 Whitmore Union Elementary

Community Colleges

Shasta College

Sierra County

K-12

County Superintendent
 Sierra-Plumas Joint Unified

Community Colleges

Sierra

Siskiyou County

K-12

County Superintendent
 Big Springs Union Elementary
 Bogus Elementary
 Butte Valley Unified
 Butteville Union Elementary
 Delphic Elementary

Dunsmuir Elementary
 Dunsmuir Joint Union High
 Etna Union Elementary
 Etna Union High
 Forks of Salmon Elementary
 Fort Jones Union Elementary
 Gazelle Union Elementary
 Grenada Elementary
 Happy Camp Union Elementary
 Hornbrook Elementary
 Junction Elementary
 Klamath River Union Elementary
 Little Shasta Elementary
 McCloud Union Elementary
 Montague Elementary
 Mt Shasta Union
 Quartz Valley Elementary
 Sawyers Bar Elementary
 Seiad Elementary
 Siskiyou Union High
 Weed Union Elementary
 Willow Creek Elementary
 Yreka Union Elementary
 Yreka Union High

Community Colleges

Siskiyou Joint

Solano County

K-12

County Superintendent
 Benicia Unified
 Dixon Unified
 Fairfield-Suisun Unified
 Travis Unified
 Vacaville Unified
 Vallejo City Unified

Community Colleges

Solano County

Sonoma County

K-12

County Superintendent
 Alexander Valley Union Elementary
 Analy Union High
 Bellevue Union Elementary
 Bennett Valley Union Elementary
 Cinnabar Elementary
 Cloverdale Unified
 Cotati-Rohnert Park Unified
 Dunham
 Forestville Union Elementary
 Fort Ross Elementary
 Geyserville Unified
 Gravenstein Union Elementary
 Guerneville Elementary
 Harmony Union Elementary
 Healdsburg Unified
 Horicon Elementary
 Kenwood Elementary

Liberty Elementary
 Mark West Union
 Monte Rio Union Elementary
 Montgomery Elementary
 Oak Grove Union Elementary
 Old Adobe Union Elementary
 Petaluma City Elementary
 Piner-Olivet Union Elementary
 Reservation Elementary
 Rincon Valley Union Elementary
 Roseland Elementary
 Santa Rosa Elementary, City of
 Santa Rosa High, City of
 Sebastopol Union Elementary
 Sonoma Valley Unified
 Twin Hills Union Elementary
 Two Rock Union Elementary
 Waugh Elementary
 West Side Union Elementary
 West Sonoma County Union High
 Wilmar Union Elementary
 Windsor Unified
 Wright Elementary

Community Colleges

Sonoma County Junior College

Stanislaus County

K-12

County Superintendent
 Ceres Unified
 Chatom Union Elementary
 Denair Unified
 Empire Union
 Gratton Elementary
 Hart-Ransom Union Elementary
 Hickman Elementary
 Hughson Union Elementary
 Hughson Union High
 Keyes Union Elementary
 Knights Ferry Elementary
 La Grange Elementary
 Modesto City Elementary
 Newman-Crows Landing Unified
 Oakdale Joint Unified
 Oakdale Union Elementary
 Paradise Elementary
 Patterson Joint Unified
 Riverbank Elementary
 Roberts Ferry Union Elementary
 Salida Union
 Shiloh Elementary
 Stanislaus Union Elementary
 Sylvan Union Elementary
 Turlock Joint Elementary
 Turlock Joint Union High
 Valley Home Joint Elementary
 Waterford Elementary

Community Colleges

Yosemite

Sutter County**K-12**

County Superintendent
Brittan Elementary
Browns Elementary
East Nicolaus Joint Union High
Franklin Elementary
Live Oak Unified
Marcum-Illinois Union
Meridian Elementary
Nuestro Elementary
Pleasant Grove Joint Union
Elementary
Sutter Union High
Winship Elementary
Yuba City Unified

Tehama County**K-12**

County Superintendent
Antelope Elementary
Bend Elementary
Corning Union Elementary
Corning Union High
Elkins Elementary
Evergreen Union Elementary
Flournoy Union Elementary
Gerber Union Elementary
Kirkwood Elementary
Lassen View Union Elementary
Los Molinos Unified
Manton Joint Union Elementary
Mineral Elementary
Plum Valley Elementary
Red Bluff Joint Union High
Red Bluff Union Elementary
Reeds Creek Elementary
Richfield Elementary

Trinity County**K-12**

County Superintendent
Burnt Ranch Elementary
Coffee Creek Elementary
Cox Bar Elementary
Douglas City Elementary
Junction City Elementary
Lewiston Elementary
Mountain Valley Unified
Southern Trinity Joint Unified
Trinity Center
Trinity Union High
Weaverville Elementary

Tulare County**K-12**

County Superintendent
Allensworth Elementary
Alpaugh Unified
Alta Vista Elementary

Buena Vista Elementary
Burton
Citrus South Tule Elementary
Columbine Elementary
Cutler-Orosi Unified
Dinuba Unified
Ducor Union Elementary
Earlimart Elementary
Exeter Union Elementary
Exeter Union High
Farmersville Unified
Hope Elementary
Hot Springs Elementary
Kings River Union Elementary
Liberty Elementary
Lindsay Unified
Monson-Sultana Joint Union
Elementary
Oak Valley Union Elementary
Outside Creek Elementary
Palo Verde Union Elementary
Pixley Union Elementary
Pleasant View Elementary
Richgrove Elementary
Rockford Elementary
Saucelito Elementary
Sequoia Union Elementary
Springville Union Elementary
Stone Corral Elementary
Strathmore Union Elementary
Strathmore Union High
Sundale Union Elementary
Sunnyside Union Elementary
Terra Bella Union Elementary
Three Rivers Union Elementary
Tipton Elementary
Traver Joint Elementary
Tulare City Elementary
Tulare Co. DOE Child Care Div.
Tulare Co. Org for Voc. Ed.
Tulare Joint Union High
Visalia Unified
Waukena Joint Union Elementary
Woodlake Union Elementary
Woodlake Union High
Woodville Elementary

Community Colleges

College of the Sequoias

Tuolumne County**K-12**

County Superintendent
Bellevue Elementary
Big Oak Flat-Groveland Unified
Chinese Camp Elementary
Columbia Union
Curtis Creek Elementary
Jamestown Elementary
Sonora
Sonora Union High
Soulsbyville Elementary

Summerville
Summerville Elementary
Twain Harte-Long Barn Union

Ventura County**K-12**

County Superintendent
Briggs Elementary
Conejo Valley Unified
Fillmore Unified
Golden Valley Charter
Hueneme Elementary
Mesa Union Elementary
Moorpark Unified
Mupu Elementary
Oak Park Unified
Ocean View Elementary
Ojai Unified
Oxnard Elementary
Oxnard Union High
Pleasant Valley
Rio Elementary
Santa Clara Elementary
Santa Paula Elementary
Santa Paula Union High
Simi Valley Unified
Somis Union Elementary
Ventura Unified

Community Colleges

Ventura County

Yolo County**K-12**

County Superintendent
Davis Joint Unified
Esparto Unified
Washington Unified
Winters Joint Unified
Woodland Joint Unified

Yuba County**K-12**

County Superintendent
Camptonville Union
Marysville Joint Unified
Plumas
Wheatland
Wheatland High

Community Colleges

Yuba

State Agencies

Board of Governors,
California Community
Colleges
CSU Chico
CSU Humbolt
CSU Los Angeles
CSU Northridge
CSU San Francisco
CSU San Jose
California School for the Deaf
Commission for Teacher Prep.
Department of Education
Lanerman State Hospital
Porterville State Hospital

CASH BALANCE BENEFIT PROGRAM

PARTICIPATING EMPLOYERS

Alameda County

Berkeley Unified School District
 Chabot-Las Positas Community
 College District
 Fremont-Newark
 Community College District
 Fremont Unified School District
 Peralta Community
 College District

Butte County

Butte County Community College
 District

Contra Costa County

Contra Costa Community College
 District
 West Contra Costa Unified School
 District

Los Angeles County

Antelope Valley Community College
 District
 El Camino Community College
 District
 Glendale Community College District
 Mountain View Elementary

Placer County

Sierra Community College District

Sacramento County

Robla Unified School District

San Diego County

Grossmont Union High School
 District
 Mira Costa Community College
 District

San Francisco County

City College of San Francisco

San Mateo County

San Mateo Community College
 District

Santa Clara County

Foothill-DeAnza Community College
 District
 San Jose/Evergreen Community
 College District

Solano County

Solano County Community College
 District

Sonoma County

Montgomery Elementary School
 District
 Sonoma County Junior College

Ventura County

Ventura Community College District

Yuba County

Yuba Community College District

Schedule of Revenues by Source (thousands)

Fiscal Year Ended June 30	Participant Contributions	Employer Contributions	Percentage of Annual Covered Payroll	Investment Income	Other Income	Total
2001	\$2,936	\$3,035	8.05%	(\$942.2)	0	\$5,028.8
2000	2,590	2,365	8.09%	812.0	0	5,767.0
1999 ⁽¹⁾	550	560	8.00%	(183)	0	927.0
1998	772	772	8.09%	105	0	1,649.0

(1) 1999 figures represent period from 7/1/98 to 12/31/98 for Cash Balance Plan

Schedule of Expenses by Type (thousands)

Fiscal Year Ended June 30	Benefit Payments	Administrative Expenses	Refunds	Misc	Total
2001	\$0	\$8.2	\$118.7	\$0	\$126.9
2000 ⁽¹⁾	0	4.8	58.5	(263.5)	(200.2)
1999 ⁽²⁾	0	387	3.0	1,327.0 ⁽³⁾	1,717.0
1998	0	397	0	69.0	466.0

(1) 2000 represents cost savings to administrative expenses to CBBP absorbed by TRB per California Education Code.

(2) 1999 figures represent period from 7/1/98 to 12/31/98 for Cash Balance Plan

(3) Interfund interest expense on loan payable to Teachers' Retirement Fund at December 31, 1998, \$41,648. Equity transfer to Teachers' Retirement Fund recorded at fund closure \$1,285,093.

PROGRAMS ADMINISTERED OR OVERSEEN IN THE RETIREMENT SYSTEM

**VOLUNTARY INVESTMENT PROGRAM
(formally CalSTRS 403(b) Program)**

Schedule of Revenues by Source (thousands)

Fiscal Year Ended June 30	Participant Contributions	Interest, Dividends and Other Investment Income	Other	Total
2001	\$14,732	(\$5,099)	\$0	\$9,633
2000	13,792	3,116	0	16,908
1999	8,675	4,121	0	12,796
1998	5,079	2,911	0	7,990

Schedule of Expenses by Type (thousands)

Fiscal Year Ended June 30	Annuity Payments	Administrative Expenses	Refunds	Total
2001	\$250	\$344	\$2,288	\$2,882
2000	250	275	2,201	2,726
1999	237	205	1,610	2,052

PARTICIPATING EMPLOYERS

**Alameda County
K-12**

Alameda Unified
Albany
Fremont Unified
Hayward Unified
Livermore Valley Joint Unified

Oakland Unified
Pleasanton Unified
San Leandro Unified

Community Colleges
Chabot Las Positas
Fremont Newark
Peralta

**Amador County
K-12**
Amador County Unified

**Butte County
K-12**
County Superintendent
Bangor Union Elementary
Chico Unified
Manzanita Elementary
Palermo Union
Pioneer Union Elementary

Community Colleges
Butte

**Calaveras County
K-12**
County Superintendent

**Colusa County
K-12**
Colusa Unified

**Contra Costa County
K-12**
County Superintendent
Acalanes Union High
Brentwood Union
Lafayette Elementary
Mt Diablo Unified
Oakley Union Elementary
Orinda Union Elementary
Richmond Unified
Walnut Creek Elementary
West Contra Costa Unified

Community Colleges
Contra Costa

**Del Norte County
K-12**
County Superintendent
Del Norte County Unified

**El Dorado County
K-12**
El Dorado Union High
Lake Tahoe Unified
Rescue Union Elementary

Community Colleges
Lake Tahoe

**Fresno County
K-12**
American Union Elementary
Central Unified
Clovis Unified
Fresno Unified
Kerman Unified
Kings Canyon Joint Unified
Mendota Unified

Community Colleges
State Center

**Glenn County
K-12**
County Superintendent
Capay Joint Union Elementary
Hamilton Union Elementary
Hamilton Union High
Lake Elementary
Orland Joint Union Elementary
Orland Joint Union High
Plaza Elementary
Princeton Joint Unified
Stony Creek Joint Unified
Willows Unified

**Humboldt County
K-12**
South Bay Union Elementary

**Imperial County
K-12**
Brawley Elementary
Calexico Unified
El Centro Elementary
Imperial Unified

**Inyo County
K-12**
Bishop Joint Union High

Kern County**K-12**

County Superintendent
Bakersfield City Elementary
Belridge Elementary
Edison Elementary
El Tejon Unified
Fruitvale Elementary
Greenfield Union
Kernville Union Elementary
Lamont School District
Mojave Unified
Muroc Joint Unified
Richland-Lerdo Elementary
Rosedale Union Elementary
Sierra Sands Unified
Taft Union High

Community Colleges

Westkern

Kings County**K-12**

County Superintendent
Corcoran Joint Unified
Lemoore Union High School

Lake County**K-12**

Konocti Unified
Lake County Office of
Education
Lucerne Elementary
Middletown Unified

Los Angeles County**K-12**

ABC Unified
Acton-Agua Dulce Unified
Antelope Valley Union High
Arcadia Unified
Bellflower Unified
Belvedere Middle School
Bonita
Burbank Unified
Centinela Valley Union High
Compton Unified
Covina Valley Unified
Culver City Unified
Downey
East San Gabriel ROP
Eastside Union
El Monte Union High
El Segundo Unified
Glendale Unified
Hacienda La Puente Unified
Inglewood Unified
La Canada Unified
Las Virgenes Unified
Long Beach Unified

Los Angeles Unified
Los Angeles County Office of
Education
Lynwood Unified
Manhattan Beach Intermediate
Manhattan Elementary
Monrovia Unified
Montebello Unified
Mountain View Elementary
Newhall Elementary
Palos Verdes Peninsula Unified
Pasadena Unified
Rosemead Elementary
Rowland Unified
San Gabriel Elementary
Santa Monica-Malibu Unified
Santa Ynez Valley Union High
Soledad-Agua Dulce Union
Elementary
Torrance Unified
Valle Lindo Elementary
Walnut Valley Unified
Westside Union
Whittier Union High
William S Hart Union High

Community Colleges

Antelope Valley
Cerritos
Citrus
Long Beach
Los Angeles
Santa Clarita
Santa Monica

Madera County**K-12**

Yosemite Union High

Marin County**K-12**

County Superintendent
Lincoln Elementary
Novato Unified
San Rafael City High

Community Colleges

College of Marin

Mendocino County**K-12**

Fort Bragg Unified
Round Valley Unified
Ukiah Unified
Willits Unified

Community Colleges

Mendocino-Lake

Merced County**K-12**

County Superintendent
Atwater Elementary
Ballico Cressey Elementary
Delhi Elementary
Dos Palos-Oro Loma Joint Unified
El Nido Elementary
Gustine Unified
Hilmar Unified
Le Grand Union Elementary
Le Grand Union High
Livingston Union
Los Banos Unified
McSwain Elementary
Merced City Elementary
Merced River Union Elementary
Merced Union High
Plainsburg Elementary
Planada Elementary
Snelling Merced Falls Union
Elementary
Weaver Union Elementary
Winton Elementary

Monterey County**K-12**

Bradley Union Elementary
Carmel Unified
Greenfield Union Elementary
North Monterey County Unified
Santa Rita Union Elementary
Soledad Union Elementary

Community Colleges

Monterey Peninsula

Napa County**K-12**

County Superintendent
Napa Valley Unified
Pleasant Ridge Unified
Pope Valley Union
Elementary
St Helena Unified

Community Colleges

Napa Valley College

Orange County**K-12**

Anaheim City
Anaheim Union High
Brea-Olinda Unified
Capistrano Unified
Newport-Mesa Unified
North Orange ROP
Ocean View Elementary
Orange Unified
Placentia-Yorba Linda Unified

Saddleback Valley Unified
Savanna School District
Tustin Unified

Community Colleges
Coast

Placer County

K-12
Alta-Dutch Flat Union Elementary
Penryn Elementary
Placer Union High
Roseville City Elementary

Community Colleges
Sierra College

Riverside County

K-12
Coachella Valley Unified
Hemet Unified
Palo Verde Unified
San Jacinto Unified

Community Colleges
Desert

Sacramento County

K-12
County Superintendent
Center Unified
Elk Grove Unified
Folsom Cordova Unified
Grant Joint Union High
Natomas Union Elementary
Rio Linda Union Elementary
River Delta Joint Unified
San Juan Unified
Sacramento City Unified

Community Colleges
Los Rios

San Benito County

K-12
County Superintendent

San Bernardino County

K-12
San Bernardino COE
Adelanto Elementary
Alta Loma Elementary
Apple Valley
Baldy View ROP
Barstow Unified
Bear Valley Unified
Chaffey Union High
Chino Unified
Colton Joint Unified

Etiwanda Elementary
Fontana Unified
Helendale
Morgan Hill
Morongo Unified
Needles Unified
Ontario Montclair
Elementary
Rialto Unified
Silver Valley Unified
Upland Unified
Victor Elementary
Victor Valley Union High

Community Colleges
Chaffey
San Bernardino
Victor Valley

San Diego County

K-12
Borrego Springs Unified
County Superintendent
Cajon Valley Union Elementary
Carlsbad Unified
Chula Vista City
Del Mar Union
Escondido Union Elementary
Escondido Union High
Fallbrook Union Elementary
Grossmont Union High
Julian Union Elementary
La Mesa Spring Valley
Lakeside Union Elementary
Mountain Empire Unified
Oceanside City Unified
Poway Unified
Ramona Unified
San Diego City Unified
San Marcos Unified
San Ysidro Elementary
Santee Elementary
Solana Beach Elementary
South Bay Union Elementary
Sweetwater Union High
Vista Unified
Warner Unified

Community Colleges
Grossmont Cuyamaca
Mira Costa
San Diego

San Francisco County

K-12
San Francisco Unified

Community Colleges
San Francisco

San Joaquin County

K-12
County Superintendent
Banta Elementary
Delta Island Union Elementary
Escalon Unified
Holt Union Elementary
Lammersville Elementary
Lincoln Unified
Lodi Unified
Manteca Unified
New Hope Elementary
Oak View Union Elementary
Stockton City Unified
Tracy Elementary

Community Colleges
San Joaquin Delta

San Luis Obispo County

K-12
Lucia Mar Unified
Paso Robles Union Elementary
San Luis Coastal Unified

Community Colleges
Cuesta
San Luis Obispo County

San Mateo County

K-12
Bayshore
Cabrillo Unified School District
Hillsborough City
Jefferson Elementary
Las Lomas Elementary
Menlo Park City Elementary
Portola Valley Elementary
Redwood City Elementary
San Mateo City
South San Francisco Unified

Community Colleges
San Mateo

Santa Barbara County

K-12
Cuyama Joint Unified
Goleta Union
Los Alamos Elementary
Santa Barbara County Office of
Education
Santa Maria Bonita

Santa Clara County**K-12**

County Superintendent
Alum Rock Union Elementary
Berryessa Union Elementary
Central County Regional Program
Cupertino Union
East Side Union High
Evergreen Elementary
Franklin McKinley Elementary
Gilroy Unified
Los Gatos-Saratoga Joint Union High
Milpitas Unified
Moreland Elementary
Mountain View-Los Altos Union High
San Jose Unified
Solvang

Community Colleges

De Anza College
Foothill-De Anza
San Jose/Evergreen

Santa Cruz County**K-12**

County Superintendent
Pajaro Valley Unified
San Lorenzo Valley Unified
Santa Cruz City Elementary

Community Colleges

Cabrillo

Shasta County**K-12**

Enterprise School District
Millville Elementary

Community Colleges

Shasta Tehema Trinity

Sierra County**K-12**

Sierra-Plumas Joint Unified

Siskiyou County**K-12**

County Superintendent
Dunsmuir Joint Union High
Etna Union High
Klamath River Union Elementary
Mt Shasta Union

Solano County**K-12**

Benicia Unified
Fairfield-Suisun Unified
Vacaville Unified
Vallejo City Unified

Sonoma County**K-12**

Analy Union High
Cloverdale Unified
Cotati-Rohnert Park Unified
Fort Ross Elementary
Sebastopol Union Elementary
Two Rock Union Elementary
Wright Elementary

Community Colleges

Sonoma County Junior College

Stanislaus County**K-12**

Hickman Elementary
Hughson Union High
Stanislaus Union Elementary
Turlock Joint Union High

Community Colleges

Yosemite

Sutter County**K-12**

County Superintendent
Yuba City Unified

Tehama County**K-12**

Los Molinos Unified
Red Bluff Union Elementary

Trinity County**K-12**

County Superintendent
Southern Trinity Joint Unified

Tulare County**K-12**

Alpaugh Unified
Liberty Elementary
Lindsay Unified
Porterville Union High
Tulare County Superintendent
Visalia Unified

Ventura County**K-12**

Oak Park Unified
Oceanview Elementary
Oxnard Elementary
Rio Elementary

Yolo County**K-12**

County Superintendent
Davis Joint Unified